UNITARY AND PLURALIST FACTORS IN TWO PERIODS OF THE AMERICAN POLITICAL TRADITION: 1920-1932; 1932-1936

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PREFACE

The object of this study is to determine in what measure unitary and pluralist factors are operative in two periods of American politics. Central to this problem is the thesis of Professor Louis Hartz concerning the monolithic Lockian tradition in America. A consideration of his thesis is closely related to the broader question of the meaning of the American political tradition. After an exposition and brief critique of the Hartz theory the writer of this dissertation then attempts to test this thesis by applying it to specific periods of American political history. The methods employed include an examination of the Presidential elections, of Administration and Congressional action on fundamental issues, and of the significance of protest movements.

With reference to sources utilized in this study attention should first be drawn to the work which sets forth Hartz's grand theme--The Liberal Tradition in America. Government documents, particularly the Congressional Record and various committee hearings, offered a valuable guide to the ideology of political leaders and to the voting results on basic issues. The works of several participants, including the actual policy-makers, proved to be most helpful. Numerous secondary works by social scientists and journalists were investigated extensively. Regarding the New Deal period the three volumes of Arthur M. Schlesinger, Jr. were indispensable.

As to acknowledgments it should first be indicated that the writer is deeply indebted to Professor Manning J. Dauer, Chairman of

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CHAPTER I

INTRODUCTION

Although the United States has never been noted for prominence and originality in the field of political philosophy a number of native thinkers have contributed to a greater knowledge of American civilization and its political tradition. One school of thought has stressed the ideological differences and political pluralism of the American political tradition. Among these, Charles A. Beard, while adopting the single-factor approach of economic causation, contended that American history from its early beginnings demonstrates a basic conflict between property and democracy.[1] In intellectual history Parrington discovered a fundamental struggle between Jeffersonian liberalism and Hamiltonian capitalism.[2]

Frederick Jackson Turner argued that American democracy was derived from the experience of the moving frontier.[3] In a study of political parties Binkley emphasizes the importance of groups which

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[1]Charles A. Beard, An Economic Interpretation of the Constitution of the United States (New York: The Macmillan Co., 1913); Economic Origins of Jeffersonian Democracy (New York: The Macmillan Co., 1916).

[2]Vernon Louis Parrington, Main Currents in American Thought (New York: Harcourt, Brace & World, Inc., 1927).

[3]Frederick Jackson Turner, The Frontier in American History (New York: Henry Holt, 1921).

form political parties as well as the issues associated with them.[4] Bentley believes that the essence of the American political process is found in the coalescence and conflict of pressure groups.[5] The most recent ambitious attempt to analyze American civilization as a whole was made by Max Lerner. While he includes many factors, his interpretation especially points to the existence of two principal forces in this society--democracy and capitalism. Both are dynamic; they often come into conflict; they operate within the framework of a nonviolent consensus.[6] Seymour Lipset not only points to the desirability of conflict as well as consensus in democracy but also believes that partisan conflict and ideological differences will continue even in an affluent society.[7] In a recent work Henry S. Kariel contends that our eighteenth-century political heritage has encouraged the growth of huge autocratic organizations which restrict individual freedom and democratic pluralism--a situation which can be corrected only by positive action of the state.[8]

Hans Morgenthau, in interpreting American political history, finds that pluralism has been a meaningful and significant fact. This

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[4]Wilfred Binkley, American Political Parties: Their Natural History (3d ed.; New York: Alfred A. Knopf, 1961).

[5]Arthur F. Bentley, The Process of Government (Chicago: Chicago University Press, 1908).

[6]Max Lerner, America As a Civilization (New York: Simon & Schuster, 1957), 2 vols.

[7]Seymour Lipset, Political Man (Garden City, N.Y.: Doubleday & Co., Inc., 1960), chap. xiii.

[8]Henry S. Kariel, The Decline of American Pluralism (Stanford, Cal: Stanford University Press, 1961).

pluralism has at times taken the form of social movements leading to intervention by the federal government and resulting in concrete reforms. But "these tangible achievements have tended to overshadow the profound and lasting influence the movements of social reform have had upon the ethos and the dynamics of America."[9] For

> by vesting in the federal government powers that were supposed to be superior to the power of wealth and by charging it with functions that were supposed to be more comprehensive than those of any private organization the United States abandoned one main tenet of the American political tradition and entangled itself in an intellectual and political dilemma. The American tradition assumes, and the American Constitution and the American political system are predicated upon the assumption that the main enemy of individual equality and freedom is the public power, the government.[10]

Other contemporary writers have considered the American political tradition in terms of its uniqueness as compared with the diversity of other nations. Daniel Boorstin suggests that the reason Americans have found political theory superfluous is that they have accepted the "givenness" of their institutions. According to this writer American experience is so unique and so empirical as to defy duplication.[11] In this same school of thought one must include Richard Hofstadter who criticizes social scientists for stressing the differences present in American political life rather than the unity.[12] Another writer, Daniel Bell, recognizes the fact of past political conflict but feels

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[9] Hans Morgenthau, The Purpose of American Politics (New York: Alfred A. Knopf, 1960), p. 88.

[10] Ibid., pp. 80-81.

[11] Daniel Boorstin, The Genius of American Politics (Chicago: Chicago University Press, 1953).

[12] Richard Hofstadter, The American Political Tradition (New York: Vintage Books, Inc., 1954).

that America and the West have reached the point where ideology is exhausted.[13] Louis Hartz is another social commentator who may be associated with this particular school of thought.

These divergent interpretations and schools of thought raise the vital question of how broad a spectrum of social experience in America the political tradition represents. Professor Hartz is one who feels that America has followed a liberal tradition but he defines it in a special sense. This is a course which the nation has pursued from its early beginnings. In employing the term "liberal" Hartz insists that he is using it in the classic Lockian sense[14] but he fails to provide the reader with an explanation of what this embodies. First, consideration will be given to the question of what Locke himself means.[15] This will not be exhaustive as central attention is given later to Hartz's interpretation of Locke.

It appears evident to this writer that these three sources are essentially in agreement as to what constitutes the meaning of Locke's political philosophy. The following statement of Lockian principles, based on this premise, embraces a central theme of the importance of the individual and particularly of his property rights. "Life, liberty, and estate" represent inalienable natural rights which the individual retains

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[13] Daniel Bell, The End of Ideology (Glencoe, Ill.: Free Press, 1960).

[14] Louis Hartz, The Liberal Tradition in America (New York: Harcourt, Brace & World, Inc., 1955), p. 4.

[15] Encyclopaedia Britannica, XIV, 275-276; Bertrand Russell, A History of Western Philosophy (New York: Simon & Schuster, 1945), pp. 617-640; George H. Sabine, A History of Political Theory (New York: Henry Holt, 1937), pp. 523-540.

after leaving the state of nature and contracting to form a government. In fact, Locke states that the chief end of political power is to preserve the property of the individuals. It [political power] can be justified only for the purpose of securing "the public good" but this objective for Locke is synonymous with property rights.

Government exists only by the consent of the governed and more specifically within the framework of the majority-rule principle. Government is also limited--limited by the doctrine of individual rights. But it should further be limited by the separation of powers principle with the executive, however, subordinate to the legislature. Both of these branches are responsible to the people who are ultimately sovereign. Locke also regards government as a trust--a trust forfeited by any government which fails in its commitment to preserve "the public good." Thus, violation of the trust entails removal of this government and its replacement by another. Finally, one might refer to Sabine's conclusion that "his [Locke's] sincerity, his profound moral conviction, his genuine belief in liberty, in human rights, and in the dignity of human nature, united with his moderation and good sense, made him the ideal spokesman of a middle-class revolution."[16]

It is next of importance to examine Hartz's use of the term "the classic Lockian tradition." In not one place does he define this term. But scattered throughout the Hartz book are hints of or references to various ideas or doctrines which may be related to the classic Lockian tradition:

> "Locke's basic social norm, the concept of free individuals in a state of nature." p. 60.

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[16] Sabine, p. 540.

"Locke's conclusions of limited government." p. 60.

"The individualist norms of Locke." p. 60.

"Actually Locke has a hidden conformitarian germ to begin with, since natural law tells equal people equal things." p. 11.

"But the American democrat is the man . . . who is a liberal of the small propertied type." p. 114.

"the property-owning entrepreneurial ethos of Locke." p. 126.

"the rationalist doctrine of Locke." p. 151.

"when Locke accepted majority rule." p. 162.

"Of all the real Lockian sensations the Northern worker experienced, the most authentic was surely the fact that he had a property right in himself." p. 187.

Actually, all of these points brought together (dispersed as they may be) add up to a philosophy in close harmony with the distillation from the three reference sources indicated above. This material is presented in Hartz's own words so that the reader can find the main thread of his argument. The writer believes that it is not possible to analyze Hartz under headings more exactly because Hartz himself never gives a full-scale, precise definition. Hartz thus explains the centrality of the American credo as being represented by individual rights, private property, and the capitalist system. But he then has his cake and eats it, too. For when he finds acknowledged departures from Locke such as public ownership and public planning, Hartz attempts to render them meaningless by invoking the concept of the American unconscious. The writer of this dissertation believes that Hartz's explanation of these departures is actually begging the question. While issues in America are usually not discussed in European terms, they are nonetheless meaningful as indicated by the following analysis of elections

and voting behavior.

Hartz declares that Lockian liberalism has both attained its fullest realization in America and also been transformed somewhat by various factors in its development within the American context. In colonial America Hartz speaks of the "collusion between Locke and the magnificent material setting of the New World."[17] But of paramount importance is the fact that America, as contrasted with Europe, has never experienced a feudal past. Man is "born free."[18] This country has thus avoided such consequences as those of class conflict and of socialism. Hartz does take note of the existence of group differences in America but these have always operated within the all-encompassing framework of Lockianism. Hence we find an America without either a radical, an aristocratic, or a conservative tradition--only a liberal tradition.

This central Lockian doctrine, transplanted to America and with its subsequent modifications, has dominated the political life of this nation--and even before the attainment of independence. The impact of the revolution itself did not shatter the sense of uniform values by which the colonial American was beginning to live. During the first decades of the history of the new state a "democratic hybrid" composed of two main groups (capitalist farmers and laborers) together with the small urban traders emerged.[19] This hybrid intimately embraced the Lockian idea and translated it into action in a most convincing fashion.

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[17] Hartz, The Liberal Tradition in America, p. 17.

[18] Ibid., pp. 3-6. [19] Ibid., p. 92.

Hartz is very clear as to his belief that the Lockian tradition in America assumed absolute proportions but he is not nearly so intelligible regarding the point in history when this took place. Note the following two quotations:

> America, by making its "petit-bourgeois" hybrid the mass of the nation, makes him unconquerable, save in two instances: when he is disorganized, as prior to Jefferson and Jackson, or when he is enchanted with the idea of becoming a Whig himself, as prior to the crash of 1929.[20]

> There has never been a "liberal movement" or a real "liberal party" in America; we have only had the American Way of Life, a nationalist articulation of Locke which usually does not know that Locke himself is involved; and we did not even get that until after the Civil War when the Whigs of the nation, deserting the Hamiltonian tradition, saw the capital that could be made out of it.[21]

To further complicate the question of the time factor Hartz observes that after 1840 the American Whig[22] gives up his Hamiltonian elitism and discovers the Horatio Alger ethos[23] of a liberal society--that is to say, discovers Americanism.[24] One may conclude from Hartz's interpretation that the American Lockian tradition was at least dominant, if not monolithic, before the Civil War and was certainly monolithic

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[20] Ibid., p. 19. [21] Ibid., p. 11.

[22] Ibid., p. 15. The term "Whig" refers to the "wealthier, conservative strand in the liberal movement." The term "New Whiggery" is the title of chap. viii, refers to the subtitle "Democratic Capitalism" with the Alger ethos at its center, and began its reign during the immediate post-bellum period.

[23] Ibid. Algerism, of course, refers to the "rags to riches" theme whereby any individual in the United States has almost unlimited opportunity to improve his material well-being if he applied his energies vigorously. (pp. 112; 199) Another characteristic of Algerism is expressed in the following quotation: "But in the world of Horatio Alger . . . 'success' and 'failure' became the only valid ways of thought." (p. 219)

[24] Ibid., p. 16.

after this great struggle, maintaining its absolutism up to the present. One may also observe in the Hartz narrative that the Whigs discover Horatio Alger before he discovers himself--a fact which is perhaps of advantage to someone or other.

Hartz contends that the eruption of the great sectional conflict in America does not negate his thesis. Referring to the South he argues that "it has been an alien in a liberal family, tortured and confused, driven to a fantasy life which, instead of disproving the power of Locke in America, portrays more poignantly than anything else the tyranny he has had."[25] In focusing upon another period Hartz admits that the New Deal solved problems with various social measures in a non-Lockian way. But this does not constitute an actual break with the Lockian tradition for these "departures from Locke cannot be tolerated consciously by the absolute mind of the nation."[26]

It is rather obvious that one factor is significant in each of two periods--the role of the irrational. But its importance to the Hartz thesis is not confined to these particular challenges to Lockianism. "Here is a Lockian tradition which in the West as a whole is the symbol of rationalism, yet in America the devotion to it has been so irrational that it has not even been recognized for what it is: liberalism."[27]

"Liberalism" is not inharmonious with pragmatism, the American contribution to philosophy; in fact, pragmatism feeds itself upon the Lockian settlement. "American pragmatism has always been deceptive

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[25] Ibid., p. 8. [26] Ibid., p. 260. [27] Ibid., p. 10.

because, glacierlike, it has always rested on miles of submerged conviction."[28] The New Deal is cited as an example of pragmatism with a large measure of inventive freedom at work within a context of subterranean absolute liberalism.

In the course of American history this liberalism came to be identified with "Americanism." The Whigs invoked "Americanism" as a device with which to terrify the opposition and to whip the dissidents into line. As previously noted Hartz believes that Locke has a hidden conformitarian germ to begin with. But this "Americanism" has become so strong that it represents a powerful threat to the liberal society. Reference is made to the "Harding Americanism" with the Redscare and the Palmer Raids. As Hartz sees it the basic ethical problem is not that of tyranny of the majority but the danger of unanimity.[29]

It has already been indicated that the Lockian tradition continued to prevail throughout the New Deal period though it remained underground. "Actually what we find during the New Deal era are two irrationalisms fighting with each other; the explicit 'Americanism' of Hoover on the one hand, the sublimated 'Americanism' of Roosevelt on the other."[30] There was an absence of class conflict during the period and no need for FDR to spell out any philosophy at all. However, if a threat from the Left had existed Roosevelt would have emerged as the champion of class solidarity.

Hartz's analysis of the Lockian tradition indicates that not only do the American masses fail to comprehend it but the same holds

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[28] Ibid., p. 59. [29] Ibid., p. 11. [30] Ibid., p. 265.

true for its political leaders: "Like so many of their predecessors, Roosevelt, Hoover, and Thomas were actors in the drama of a liberal society none of them understood."[31] In summary Hartz comments: "What emerges then in the case of the New Deal is a liberal self that is lost from sight: a faith in property, a belief in class unity, a suspicion of too much state power, a hostility to the utopian mood, all of which were blacked out by the weakness of the socialist challenge in the American liberal community."[32]

Any grand theme such as the one offered by Hartz is manifestly open to volumes of criticism but it is not the purpose here to contribute a lengthy critique. Rather, the objective is primarily to raise certain fundamental questions concerning the major thesis. Conveniently Hartz fails to offer a definition of his leading concept so it is necessary to piece together the various scattered fragments which provide hints as to its meaning. If one is prepared to accept the idea of a monolithic Lockian tradition throughout most or all of American history then one must deny that this country has experienced meaningful group divisions or periods of conflict and polarization.

At this point the writer will define certain basic terms which are used throughout the dissertation. The term convergence signifies a similarity in the policies of the major parties, a lack of party discipline with a consequent blurring of issues, and a lack of meaningful political choices. The term divergence denotes a clear-cut difference in the policies of the major parties, a large measure of party

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[31] Ibid., p. 266. [32] Ibid., p. 270.

discipline and bipolarity, and the presence of meaningful political alternatives. Convergence contributes to uniformity while divergence contributes to pluralism. Pluralism is defined as that doctrine which emphasizes diversity and individual freedom of choice. Humanism is defined as that philosophy which stresses the value of the individual as a member of the human race. Democracy is defined as that system of government which embraces the principle of rule of law, pluralism including meaningful political choice, liberty, and humanism. In contrast, a unitary society stresses a single theme, demands uniformity, and sacrifices the freedom and worth of the individual in the name of a higher goal.

One may well wonder if Hartz, writing during the Glib Fifties, did not project this experience into the past. Professor Manning J. Dauer, in taking issue with Hartz, points out that America has witnessed several periods of cleavage as well as of convergence on public policy. He further argues that the contemporary convergence in the United States is due to government welfare programs and defense spending which have ameliorated social strife and that such a convergence is also found in many countries of Western Europe today. Dauer comments as follows: "But for Hartz to conclude from this that we had no meaningful differences in the past is to reinterpret the past in the light of the present. Such is not borne out by the events."[33]

In emphasizing the significance of the fact that America has never known a feudal past (as contrasted with Europe) Hartz would also

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[33] Manning J. Dauer, "The Reconciliation of Consensus and Pluralism in the American Tradition," April, 1962. (Manuscript.)

appear to rule out the possibility of the existence of radicalism and conservatism. But is the line of causation between feudalism and pluralism quite so apparent? Most social scientists are impressed with the pluralism and diversity of America (rather than a complete uniformity) while at the same time recognizing the obvious fact of a national consensus. But Hartz appears to confuse this national concensus with ideological conformity on all principles.

Does Hartz recognize social change at all as a factor in American political development?

> Conflict and change exist, to be sure. But the values that override them make conflict the work of comedians, of comedians that cannot see that they are in agreement with their enemies. Such methods of interpreting history, such big general theories of history really do turn Marx on his head. But more important than showing that those who lived in the past were comedians, such interpretations demonstrate (or attempt to demonstrate) that those values that unify America make it a unity without any other possibilities.[34]

How is this possible in the face of the evidence of such vigorous movements as Populism, Progressivism, and the New Deal (as well as others) which so sharply challenged the status quo?

When confronted with these difficulties Hartz always invokes the theme of the "irrational acceptance" by the American people of the Lockian tradition. So even when substantive changes have been effected (such as during the New Deal era) these do not challenge the absolutism of Locke for he simply goes underground. It appears that Hartz presents us with a "liberal tradition" which no one but the author himself understands. The American people do not understand it--they simply accept it

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[34] William J. Newman, The Futilitarian Society (New York: George Braziller, 1961), p. 303.

irrationally. Their leaders do not understand it. Their scholars, and particularly the Progressive historians, do not understand it as evidenced by their emphasis on group or class conflict.[35]

Hartz fails to see that social conflicts in America were important to the individuals who participated in them and made sacrifices in the name of particular reforms or radical objectives. William J. Newman accuses Hartz of viewing this nation not in American terms but in exclusively European terms; thus, we did not develop a conservative tradition because America did not produce the equivalent of Bonald.[36] Newman further identifies Hartz's thought with that of the contemporary conservatives in America while recognizing that Hartz himself is not a conservative. However, The Liberal Tradition in America contributes to the development of this anti-democratic conservatism: "Behind all its talk of essences, higher truth, religion, individualism, hierarchy, concurrent majorities, and the constitutional state is a search for a fixed society, not a search for freedom."[37]

Hartz in a more recent expression of his views (a paper delivered at the Conference on Democracy in the Mid-Twentieth Century in May 1958) would appear to have possibly refuted the earlier theme of The Liberal Tradition in America.[38] He not only recognizes the existence and desirability of pluralism and conflicting organizations

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[35] Hartz, The Liberal Tradition in America, p. 250.

[36] Newman, p. 305. [37] Ibid., p. 48.

[38] Louis Hartz, "Image and Reality," Democracy in the Mid-Twentieth Century, eds. William N. Chambers and Robert H. Salisbury (St. Louis: Washington University Press, 1960).

but contrasts the fluidity of democratic pluralism with the rigidity of feudalistic pluralism. But what is the significance of this democratic pluralism? Does it present meaningful alternatives? The following passage from Hartz's paper would appear to indicate an affirmative answer:

> But the situation has changed since the early Nineteenth century in Europe or the late Nineteenth century in America: the state has become more universal, and under the impact of reform movements, even differences in private income have been flattened out remarkably. What has happened is that the democratic state, originally distorted by the impact of capitalist power, has achieved a measure of universality which Marx never anticipated.[39]

Is this statement consistent with the acceptance of the theme of the monolithic Lockian tradition or can it be explained away by the "irrational acceptance" device by which the people delude themselves that no substantive changes or departures from the Lockian tradition are taking place? In discussing the discrepancy between image (classical eighteenth-century theory) and reality (the functioning system) Hartz at no point states that the "image" assumes absolute proportions. But in looking upon the twentieth-century American scene he agrees with Eric Fromm that man probably has more freedom than he can bear.

Hartz comments further that man's "individualism, if it is implemented through the interstices of a thousand groups rather than on the flat terrain of a state of nature, is nonetheless a real thing."[40] To the writer of this dissertation the sense of Hartz's essay appears to embody a recognition of the existence and compatibility of both individualism and pluralism without either representing a monolithic

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[39] Ibid., p. 26. [40] Ibid., p. 20.

tradition. The question of the derivation of pluralism remains unanswered by Hartz but its strength and significance is not challenged.

Recently, however, Professor Hartz strongly defended his old thesis by referring to the comparative analysis of history as offering the true perspective.[41] "When the wider context is restored, one of the first things which happens is that the struggles between right and left developed by Beard and Parrington seem to diminish in intensity and even in importance."[42] Hartz actually appears to be arguing since the United States has not experienced the frequent social convulsions associated with the continent that our own "conflicts" are meaningless. This, to my mind, is a specious argument.

Professor Meyers, critical of the Hartz thesis, points out that for Hartz "political thought then has mainly the gross function of exposing unconscious assumptions or concealing them in the exaggerated figures of campaign rhetoric."[43] Meyers further comments: "In stretching the term [Locke] over the full length and breadth of American politics, however, Professor Hartz makes it too indefinite and thin for the concrete use of American history."[44] Professor Jaffa, while accepting the thesis of the pre-eminent Lockian ethos, contends that this supreme

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[41] Louis Hartz, "Comment," Comparative Studies in Society and History, April, 1963, pp. 279-284. This and the articles by Professors Meyers and Jaffa are slightly revised versions of papers given at a symposium held by the Mississippi Valley Historical Association in the spring of 1962.

[42] Hartz, "Comment," p. 281.

[43] Marvin Meyers, "Louis Hartz, The Liberal Tradition in America: An Appraisal," Comparative Studies in Society and History, April, 1963, p. 265.

[44] Ibid., p. 268.

doctrine has not stifled political conflict but rather generated it. As an example he cites the struggle of minority groups to achieve equality.[45]

The writer of this study believes that the Hartz thesis of Lockian absolutism is inaccurate, that it fails to recognize pluralism as a vital factor in American political life, and that it ignores the fact that American political history has featured periods with varying degrees of conflict and agreement. It is the purpose of this inquiry to test the soundness of the Hartz thesis by applying it to two periods of American political experience.

The indices by which this thesis of Lockian liberalism will be examined are as follows:

1. Do the major political parties differ significantly in ideology rather than representing different degrees of the same type of program and philosophy?

   a) Specific categories include

      (1) Federal Government Ownership.
      (2) Federal Government Planning.
      (3) Overall Direction and Regulation of the Economy by the Federal Government.
      (4) Relief and Public Works Programs of the Federal Government.
      (5) Agricultural Programs of the Federal Government.
      (6) Labor Programs of the Federal Government.

2. Does voting in Congress polarize with significant differences in the record of the two major parties on key issues?

   a) The categories indicated in 1,a) would also apply here.

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[45] Harry V. Jaffa, "Conflicts within the Idea of the Liberal Tradition," Comparative Studies in Society and History, April, 1963, p. 274.

3. Does national voting behavior separate according to groups around the differing ideologies of the major parties in the presidential elections of 1932 and 1936?
4. Are there significant protest ideologies to the extent that they will show a break in the Lockian tradition? If so, do they receive significant public support for their philosophy and programs?

CHAPTER II

THE PERIOD OF CONVERGENCE, 1920-1932[1]

Nature of the Period

The Republican era was characterized by President Harding as the period of "normalcy."[2] For Dos Passos the spirit of the 1920's is found in the desperate struggle for The Big Money accompanied by the bankruptcy of human values in America.[3] Another writer, Sinclair Lewis, employs the small businessman to reflect the supremacy of public relations and the great price of conformity which "our predominantly commercial culture exacts of American life."[4]

To dismiss the period as a static one would ignore the great social and economic changes which took place at this time: the fact

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[1]The title represents an arbitrary characterization by this writer of the period beginning roughly with the meeting of the national political party conventions of 1920 and extending roughly up to the time of the conventions of 1932. The term convergence is used as defined in Chapter I of this dissertation.

[2]Karl Schriftgiesser, This Was Normalcy (Boston: Little, Brown & Co., Inc., 1948). The term refers to an attitude which embraces the status quo and resists social change.

[3]John Dos Passos, The Big Money (New York: Pocket Books, Inc., 1955). Maxwell Geismar in the Introduction comments that the personality of the main character "reflects the aspirations of a new American culture based on the production line," p. x.

[4]Sinclair Lewis, Babbitt (New York: The New American Library, 1961). See Mark Schorer's Afterword, pp. 323-324.

that the United States for the first time became a creditor nation and the richest country in the world; the introduction of advertising and the installment plan; advances in technology which brought forth several large new industries (automobiles, radios, aviation, motion pictures, appliances); the real estate and securities booms and busts; prohibition and the emergence of organized crime; the changed status of women; the great impact of business on many areas of American life including that of government as well as of religion.

But these changes took place within a particular context--a context of opposition to change in the system itself or to change in the distribution of rewards. Charles and Mary Beard describe the prevailing way of thought in America during the Twenties as follows: "Its special interests were comfort, convenience, pecuniary advancement, emulatory display, salesmanship, unbroken progress in the straight utilitarian direction, and efficiency, with education as a preparation for the realization and enjoyment of such interests. . . . The situation changed, however, after the depression spread desolation all around."[5] This portrait of America in the Twenties is not intended to convey a universal acceptance of the status quo without evidence of unrest and discontent. Rather, the purpose here is to describe the mood of the period with its dominant themes. The beginning of this era displayed a marked change in the national temper from that of wartime energy and idealism to one of prosperity and peace. The latter took the form of a strong public reaction against United States intervention in foreign affairs as well

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[5]Charles A. and Mary R. Beard, America in Midpassage, II (New York: The Macmillan Co., 1939), 862-863.

as that of government regulation of business. This attitude, which was shared by both of the major political parties, often was translated into extremist policies or actions in the name of those cherished principles of normalcy.

A striking example of excess and civil rights violations was the Big Red Scare of 1919-1920 which developed as a hysterical reaction to the activities of American radicals.[6] Under the direction of Attorney General Palmer more than six thousand persons were arrested over a two-month period; many of these were held incommunicado, denied counsel, subjected to kangaroo trials, and deported without cause. Innumerable patriotic societies sprung up and many innocent persons were persecuted by these private organizations. "The Red Scare left a bitter heritage of suspicion of aliens, distrust of organized labor, hostility to reformers, and insistence on political conformity, which created a smothering atmosphere for reform efforts in the 1920's."[7]

The most widespread intolerance was caused by the vigilante activities of the Ku Klux Klan,[8] an organization which at its peak numbered perhaps five million members. It represented an extreme form of Protestant nationalism whose force was directed against aliens, Catholics, Negroes, and Jews. In Indiana and Oregon the Klan elected

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[6]See Frederick Lewis Allen, Only Yesterday (New York: Bantam Books, 1959), chap. iii and William E. Leuchtenburg, The Perils of Prosperity, 1914-1932 (Chicago: Chicago University Press, 1958), chap. iv.

[7]Leuchtenburg, p. 82.

[8]See Andre Siegfried, America Comes of Age (New York: Harcourt, Brace & World, Inc., 1927), chaps. ix and x; Leuchtenburg, pp. 209-213.

governors and it exerted considerable influence toward the passage of the restrictive Immigration Act of 1924 which greatly favored the Western European countries in its quota provisions. According to one historian,[9] "the Ku Klux Klan maintained a steady pressure for 'one hundred per cent Americanism,' that is, unqualified acceptance of middle class standards." Adding fuel to this fire of bigotry the most popular American hero of his time (Henry Ford) "discovered the menace of the 'International Jew.'"[10]

In the area of education patriotic inquisitions, such as Mayor Thompson's crusade against history textbooks, were instituted. Walter Lippmann comments: "There are few communities, therefore, in which there has not been some sort of inquisition recently to find out if the teachers are as religious as Dr. John Roach Straton or as patriotic as Mayor Hylan of New York, Mayor Thompson of Chicago, and Mr. William Randolph Hearst."[11] Another illustration of this spirit was the 1921 Lusk Law which provided for the licensing and supervision of private education by the state of New York. It further permitted the denial of a license without a hearing to schools or teachers who advocated the overthrow of organized governments. Zechariah Chafee vigorously condemned this approach: "Whatever threatens the overthrow of these officials may readily be decided by them to be 'advocacy of the overthrow

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[9] Arthur S. Link, American Epoch (New York: Knopf, 1955), p. 340.

[10] Allen, Only Yesterday, p. 45.

[11] Walter Lippmann, American Inquisitors (New York: The Macmillan Co., 1928), p. 8. Also see Preston W. Slosson, The Great Crusade and After, 1914-1928 (New York: The Macmillan Co., 1930), p. 317.

of the government of the state by force and violence.' In short, 'the government' becomes identified with their government."[12]

The hatred of radicals and aliens was graphically demonstrated by the Sacco-Vanzetti case--an injustice legitimized by all the forces of upper-class respectability. This case was a traumatic experience for many liberals who turned to radicalism. Their disgust for the American system was dramatized by Dos Passos: "all right you have won you will kill the brave men our friends tonight . . . all right we are two nations."[13]

Another trend of this period of business supremacy was the sharp decline in the strength and influence of organized labor. Trade-union membership decreased from 5.1 million in 1920 to 3.4 million in 1929.[14] A number of causes accounted for this development. The vigorous action of the business community was a major factor. It promoted the open-shop movement (as the "American Plan"), company unions, and welfare capitalism as well as the successful use of violence on occasion (Gastonia). The federal government and particularly the United States Supreme Court ruled against labor on such vital issues as child labor, female labor, and the application of the Clayton Act to injunctions in labor disputes. Finally, a matter of consequence was the weak quality of union leadership

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[12] Zechariah Chaffee, Jr., Free Speech in the United States (Cambridge, Mass.: Harvard University Press, 1946), p. 308.

[13] Dos Passos, pp. 520-521.

[14] Leo Wolman and Gustav Peck, "Labor Groups in the Social Structure," Recent Social Trends in the United States, President's Research Committee on Social Trends, Wesley C. Mitchell, Chairman (New York: McGraw-Hill Book Co., Inc., 1933), p. 832.

described pithily by Arthur M. Schlesinger, Jr. in referring to Gompers' successor:

> A comfortable man with the air of a small-town banker, rimless glasses on a placid face, a large gold watchchain in his vest, and a diamond ring on his finger, an Odd Fellow and an Elk, Green brought the Harding virtues to the leadership of American labor.[15]

Although businessmen prospered during the Twenties such was not the case for the farmers: "Agriculture lagged. Its depression continued save among a few specialized types."[16] This condition produced a substratum of discontent within the overall context of prosperity and complacency and resulted in organized efforts toward reform.[17] The dissatisfaction was reflected in the Farm Bloc who succeeded in pushing through Congress certain ameliorative measures. But certainly the dominant leadership of Congress as well as the Administration continued to be far from adventuresome in spite of the rising demands for farm legislation during the last half of the decade.

After the Great Crash extended into the Great Depression the climate of opinion in America underwent a transformation which became more pronounced as the situation deteriorated.[18] This dissatisfaction

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[15] Arthur M. Schlesinger, Jr., The Crisis of the Old Order (Boston: Houghton Mifflin Co., 1957), p. 113. Hereafter, this work will be referred to as The Crisis.

[16] J. H. Kolb and Edmund de S. Brunner, "Rural Life," Recent Social Trends in the United States, p. 500.

[17] See Harry J. Carman and Harold C. Syrett, A History of the American People, II (New York: Alfred A. Knopf, 1957), 485-492.

[18] See Schlesinger, The Crisis, chaps. xxi, xxii, xxiv, xxvi; Dixon Wecter, The Age of the Great Depression 1929-1941 (New York: The Macmillan Co., 1948), pp. 32-40; John D. Hicks, Republican Ascendancy 1921-1933 (New York: Harper & Brothers, 1960), chap. xii; Harris Gaylord Warren, Herbert Hoover and the Great Depression (New York: Oxford Book Co., 1959), chaps. xv, xvi.

was directed not only at the Hoover Administration but in many cases at the capitalist system itself. Continued poverty in the midst of plenty, widespread unemployment, a large number of bank failures and similar disasters caused the people to question and sometimes repudiate the platitudes of Puritanism and Algerism. Although there was no large-scale mass protest action, evidence of unrest was reflected in many ways.

One indication of the public mood was the degree of support which the Communists attracted by such demonstrations as the International Unemployment Day of March 6, 1930 and the National Hunger March of December, 1931. As contrasted with the several intellectuals who embraced this radical philosophy the demonstrators had little understanding of it--they wanted bread and were willing to accept any course of action likely to produce it. Arthur Schlesinger, Jr. comments: "But Communist agitation alone could not explain the impact of the riots. When else in America had Communists ever attracted crowds of 35,000?"[19]

Statements of certain political, labor, and religious leaders also denote the temper of the time. A veteran politican, Theodore Bilbo, told an interviewer in September, 1931: "Folks are restless. Communism is gaining a foothold. Right here in Mississippi some people are about ready to lead a mob. In fact, I'm getting a little pink myself."[20] In October, 1931 the hitherto complacent American Federation of Labor (AFL) executive committee "prepared a statement declaring that the prime cause of the depression had been the unequal distribution of wealth and

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[19] Schlesinger, The Crisis, p. 166.

[20] Ibid., p. 204.

incomes."[21] In the area of religion the Federal Council of Churches of Christ released a statement in 1931 (seconded by the Episcopal Church) to be read from pulpits on Labor Sunday. "One of the most sweeping indictments of American capitalism ever drawn by a middle class group, the statement demanded the reconstitution of the economic order to assure security for the masses."[22]

The attitude of the business community was divided between those who spoke contemptuously of the "dole" and malingering and those who accepted the idea of central economic planning to alleviate the crisis--planning by the business community, not by the government. But the attitude of the suffering masses was quite clearcut by 1932. "The very word 'Hoover' became a prefix charged with hate"[23] and bitterness against the rich was intensified by the exposure of malfeasance on the part of such titans as Kreuger and Insull. The River Rouge incident of March, 1932 whereby several demonstrators were killed and wounded by the police in front of the Ford plant in Dearborn hardly helped matters.

The Farmers' Holiday movement of 1932 led by Milo Reno dramatized the protest of the farmer with its strike of producers and its opposition to mortgage foreclosures. Although it did not prove successful it vividly demonstrated the desperate plight and corresponding attitude of the farmer at this time. One of the most roundly criticized acts of the Hoover Administration was the rout of the Bonus Expeditionary Force by General MacArthur's troops in July, 1932. Thousands of veterans converged on Washington to lobby for the Bonus Bill but the President

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[21] Link, p. 363. [22] Ibid.

[23] Schlesinger, The Crisis, p. 245.

refused to receive their leaders although he found time for a visit by the wrestling champion, Jim Londos. Hoover gave orders to disperse the veterans. Later objective study shows that the burning of their camp can hardly be justified on the grounds that the organization was dominated by Communists or, as General MacArthur would have it, that the government was in peril.[24]

The Test of Ideology as Applied to the National Party Conventions and Presidential Elections of the Period

In turning to a consideration of the ideology[25] of the period attention will first be focused upon the Presidential elections of 1920, 1924, and 1928. In 1920 the Republican nominee was Warren G. Harding. He had a record of party regularity and orthodoxy which was in full accord with both the Senate oligarchy (who controlled the Republican Convention) as well as the delegates. His attitude was revealed by a passage from a speech which he delivered in Boston one month before the Convention: "America's present need is not heroics, but healing; not nostrums but normalcy; not revolution but restoration . . . not surgery but serenity."[26]

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[24] Warren, pp. 227-236.

[25] According to the categories outlined in Chapter I: Federal Government Ownership; Federal Government Planning; Overall Direction/Regulation of the Economy by the Federal Government; Relief and Public Works Programs of the Federal Government; Agricultural Programs of the Federal Government; Labor Programs of the Federal Government.

[26] Mark Sullivan, Our Times, VI (New York: Charles Scribner's Sons, 1935), 179.

The Democratic nominee, James M. Cox, was responsible for several labor reform measures as Governor of Ohio and closely identified himself with the progressive policies of Woodrow Wilson. "At heart Cox was a mild liberal and progressive, as those terms were measured in 1920."[27] However, this difference in the background of the two candidates is not correspondingly reflected in a comparison of the party platforms or campaigns.[28] The Republican platform of 1920 favored reducing the public debt, annulling the excess profits tax, lowering the income tax, maintaining a high protective tariff, endorsing the Esch-Cummins Act which would restore the railroads to private, competitive operation and, surprisingly, collective bargaining in labor disputes.[29] The Democratic platform failed to offer a domestic program of reform, thus resembling its Republican counterpart. "Almost as darkly as at Chicago the shadow of big business fell over San Francisco. Neither labor nor the farmers were offered anything beyond that dreamed up in Chicago. . . . The platform was a platitude."[30]

The tone of the Republican campaign was earlier established by Senator Lodge in his convention keynote address: "We must be now and

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[27]Schriftgiesser, pp. 51-52.

[28]The exception here is found in the area of foreign policy, particularly the League question, but this study is concerned exclusively with domestic issues as indicated in footnote #25.

[29]Official Report of the Proceedings of the Seventeenth Republican National Convention (New York: The Tenny Press, 1920), pp. 93-109. Of course, no machinery for implementing collective bargaining was proposed.

[30]Schriftgiesser, p. 45. Also see Kirk H. Porter and Donald Johnson, National Party Platforms (Chicago: Illinois University Press, 1956), pp. 213-222.

ever for Americanism, and Nationalism, and against internationalism."[31] Party leaders determined that a "front-porch" campaign would be followed and Harding obliged. In his statements and speeches he took his cues largely from the convention platform including the protective tariff with its "saving Americanism."[32] But the general impression of Harding's position on issues was one of ambivalence.

Cox and his running mate, Franklin D. Roosevelt, waged a vigorour campaign in which the League (rather than domestic problems) became the central issue. Early in the campaign the Democratic candidates visited the ailing President. This visit ". . . to the public mind, identified Cox with Wilson, and with Wilson's ideals. And Wilson's ideals, to much more than half of America, had come to the stage in which early popular fervor was succeeded by disillusion, bitterness."[33] Of course, in contrast with the convergence of the two major parties the greatest difference is shown in the Socialist program. The Socialists selected Eugene Debs as their standard-bearer and he conducted his campaign while residing in Atlanta Federal Penitentiary. The platform called for large-scale nationalization of business as well as a single tax on the rental value of land.

The election results were most decisive; in fact, it was a Republican landslide. Harding carried 37 states and received 16 million popular votes with 404 electoral votes while Cox carried 11 states and

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[31] Official Report of the Proceedings of the Seventeenth Republican National Convention, pp. 14-33.

[32] Samuel Hopkins Adams, Incredible Era (Boston: Houghton Mifflin Co., 1939), pp. 177-178. Harding, though, deviated in his support of an excess profits tax and high percentages on large incomes.

[33] Sullivan, p. 110.

received 9.1 million popular votes with 127 electoral votes.[34] The Socialists garnered 914,980 popular votes but this was a much smaller percentage than Debs had received in 1912. A keen observer of the American scene offered this interpretation of the election: "But it was not in the stars to elect anyone in 1920 who advocated anything seriously. The nation was tired of issues, sick at heart of ideals, and weary of being noble."[35]

A study of the background and social philosophy of the principal Presidential nominees in 1924 discloses the fact that the Republican and Democratic choices were similar in outlook while both differed sharply from the political ideas of the Progressive Party nominee. Calvin Coolidge first became a national figure in 1919 when, as Governor of Massachusetts, he broke the Boston police strike with this statement: "There is no right to strike against the public safety by anybody, anytime, anywhere."[36] After assuming the Presidency upon the death of Harding, Coolidge immediately reassured the country. The mood he represented has been described by Robinson: "Sedately rocking on the porch of the White House, he announced that the business of America was business, and that economy would be his chief concern."[37] The role of the federal government was to be minimal.

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[34]U.S., Bureau of the Census, Historical Statistics (Washington: Government Printing Office, 1960), p. 682; Leuchtenburg, p. 128.

[35]William Allen White, Autobiography (New York: The Macmillan Co., 1946), p. 597.

[36]William Allen White, A Puritan in Babylon (New York: The Macmillan Co., 1938), p. 166.

[37]Henry Morton Robinson, Fantastic Interim (New York: Harcourt, Brace & World Co., 1943), p. 92.

John W. Davis, the Democratic candidate, served under Wilson as Solicitor-General and prosecuted the Steel Trust under the Clayton Act which he had written. Regarding his private practice, ". . . it was John Davis's philosophy that as a lawyer it was his duty . . . to serve anyone who came to his office. Thus he was counsel both for the local glass factories and for the glassworker's union."[38] Upon leaving the government service in 1921 he became a Wall Street lawyer with Morgan and other business giants as clients; in 1922 he was elected president of the American Bar Association, hardly a liberal organization. Jefferson was his hero and private enterprise the ruling principle.

Turning to the leading third party in the 1924 election there was an outstanding candidate. Schlesinger comments: "To radicals of both parties, one man stood out as the incorruptible champion of the public welfare--Robert M. LaFollette of Wisconsin."[39] As Governor and later U.S. Senator LaFollette espoused and often successfully pushed through measures providing for regulation of business, greater taxation on corporate property, direct-primary nominations, and conservation of natural resources. He earned the reputation of an independent political leader who was intensely hated by the Republican Old Guard.

The Republican platform of 1924 called for rigid economy, reduction in taxes, a protective tariff, immigration restriction, and limited aid to farmers.[40] The Democrats split badly on the resolution denouncing

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[38] Schriftgiesser, p. 185.

[39] Schlesinger, The Crisis, p. 100.

[40] Official Report of the Proceedings of the Eighteenth Republican National Convention (New York: The Tenny Press, 1924), pp. 98-115.

the Ku Klux Klan which was defeated by less than five votes. In addition to attacking the Republican Party for corruption and failure to enforce prohibition the Democratic platform urged lower taxes, lower tariff, more effective aid for agriculture, and collective bargaining for labor.[41] As judged by Arthur Link: "Except for denouncing the Fordney-McCumber tariff and promising independence to the Philippines, the Democratic platform differed little from its Republican counterpart."[42] As was the case in 1920, the Republican and Democratic parties are in fair agreement on most issues but this time the divergence is shown by the Progressive Party.

The Progressive platform condemned private monopoly and called for public ownership of water power as well as the railroads, abolition of the use of injunctions in labor disputes, and the right of Congress to overrule the decisions of the Supreme Court.[43] LaFollette at the Cleveland Convention collected support from various farm, labor and reform groups but he vigorously rejected that of the communists: "To pretend that the communists can work with the progressives who believe in democracy is deliberately to deceive the public."[44] LaFollette based his campaign on the old cry of the evil of monopoly which destroys the vital element of competition in the capitalist system. Though not

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[41] Official Report of the Proceedings of the Democratic National Convention of 1924 (Indianapolis: Bookwalter-Ball-Greathouse Co., 1924); Porter and Johnson, pp. 243-251.

[42] Link, p. 258.

[43] Porter and Johnson, pp. 252-255.

[44] Kenneth Campbell MacKay, The Progressive Movement of 1924 (New York: Columbia University Press, 1947), p. 87.

one of the three party platforms denounced the Klan LaFollette condemned it during the campaign and the other candidates followed suit.

Davis struggled valiantly against attacks from both the Left and the Right including the one pertaining to his assertion that human rights and property rights were of equal importance. Davis launched his strongest assault against special privilege and corruption but the Republican answer was--silence.[45] The Democratic candidate was ignored while the Republicans extolled the virtues of their record of economic prosperity and fired heavy volleys at the Progressives. The latter were labeled Red by Dawes, the barnstorming Republican Vice-Presidential candidate, as well as by the Curtis publications in spite of the patent specious quality of the charges. The Supreme Court issue was also exploited by arousing the fears of property owners who regarded the Court as a bulwark against encroachment on their rights.

Coolidge was portrayed as the High Priest of Stability and this theme was sloganized into campaign battlecries such as "Keep Cool with Coolidge." As for the President himself he was quite cool, and even inactive, during the campaign as he passed the days quietly at the White House. Coolidge's most outspoken statement during the campaign was: "I am for economy and after that for more economy."[46] Contributory factors to the Republican success were the fact of the huge campaign chest and also the October rise in farm prices. Coolidge swept the country with 15.2 million popular votes and 382 electoral votes representing 35 states. In comparison Davis made a very poor showing with 8.3 million popular votes and 136 electoral votes representing 12 states.

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[45] Schriftgiesser, pp. 212-213. [46] Ibid., p. 175.

LaFollette received 4.8 million popular votes and 13 electoral votes representing 1 state.[47] In spite of the Bolshevik bogey the electorate was indifferent and only 52 per cent of the qualified voters went to the polls.

A Democratic partisan chastises his party: "The fundamental fault of the Democratic Party in 1924 was that it wanted to be like the Republican Party. It forgot its historic heritage as the people's party and wanted to be the Party of Prosperity, too."[48] But would it have really made any difference in this particular election?

> The people liked "Silent Cal." They understood his small-town cracker-barrel philosophy, they believed in his honesty, and they tended to have the same respect he had for the big business leaders who had known how to get on in the world. Monopoly might be a very bad thing, but it could be tolerated if it meant also general prosperity.[49]

A comparison of the background and philosophy of the Presidential nominees of 1928 indicates certain similarities as well as differences. Both were of humble origins and both demonstrated a genuine humanitarian impulse--Smith while serving as Governor of New York and Hoover as Administrator of Belgian relief and Food Administrator to stricken postwar Europe. Smith, as a four-time Governor of New York, was one of the ablest elective officials in the history of the state. His record reflects a picture of reform and welfare legislation as well as a strong defense of civil liberties. He was identified with the rising urban immigrant class and was the first Catholic nominee for President in the

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[47] Historical Statistics, p. 682.

[48] Schriftgiesser, p. 177.

[49] Hicks, p. 101. Also see MacKay, pp. 249-253.

United States.[50] "But Smith never questioned the assumptions of capitalist society, certainly not the profit motive or the virtue of success, and the notion of a planned society was as repugnant to him as to Hoover."[51]

Hoover, though without elective experience, had served as a dominant figure in both the Harding and Coolidge cabinets as Secretary of Commerce. "The central doctrine of Hoover's philosophy was individualism, and it was his view that individuals, together with certain corollaries, was the American system."[52] A minimum of government regulation was permissible to correct abuses; when this proved necessary, it should be implemented if at all possible on the state and local level. During the 1920's Hoover became the epitome of the new capitalism with its emphasis on efficiency, co-operation, and "service."

The platforms of the two parties (there was no third-party protest movement of consequence in 1928) reflected no material difference on most issues: both favored economy, lower taxes, protective tariff (the Democratic Party abandoned its traditional policy of low tariff for revenue), collective bargaining and greater restrictions on the use of the injunction in labor disputes, enforcement of Prohibition (though Smith in his acceptance speech in effect called for repeal) and both were fuzzy on the issue of development of water power.[53] The Democrats

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[50] Oscar Handlin, Al Smith and His America (Boston: Little, Brown & Co., Inc., 1958), pp. 3-111.

[51] Leuchtenburg, p. 231. [52] Warren, p. 34.

[53] Official Report of the Proceedings of the Nineteenth Republican Convention (New York: The Tenny Press, 1928), pp. 113-133. Official Report of the Proceedings of the Democratic National Convention of 1928 (Indianapolis: Bookwalter-Ball-Greathouse Co., 1929), pp. 186-204.

demanded enforcement of the Anti-Trust Acts but the most important difference in the two platforms lies in the area of agriculture. The Republicans would create a Federal farm board with a system of voluntary controls whereby the Democrats in substance (though not by name) endorsed the equalization fee of McNary-Haugen as well as a program of low-interest rates for the farmers. The authors of a monograph dealing specifically with this election concluded that "the platforms of the parties were not greatly dissimilar in content."[54]

Smith conducted an ambiguous and somewhat evasive campaign in which he sought to reassure the business community. In accordance with this objective he appointed John J. Raskob, a wealthy influential magnate, to direct his campaign and advertised the support of several other millionaires. Also, in line with the platform Smith supported a "scientific" protective tariff. On the question of "equalization fee" the Democratic candidate vacillated until the last stages of the campaign when he unequivocally accepted it. The two candidates differed with respect to one of the minor issues--water power. Hoover characterized public ownership of power projects as "state socilaism" while Smith favored government ownership of power sites and plants while disapproving government distribution of power.

Hoover identified the Republican Party and himself with prosperity and outlined the "accomplishments" of the Harding and Coolidge Administrations. He called for a continuance of these policies and

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[54] Roy V. Peel and Thomas C. Donnelly, The 1928 Campaign: An Analysis (New York: Richard R. Smith, 1931), p. 53.

[55] Hicks, p. 210.

elaborated the theme of individualism with which their success was so closely linked. In his acceptance speech Hoover proclaimed: "We have not reached the goal, but, given a chance to go forward with the policies of the last eight years, we shall soon with the help of God be in sight of the day when poverty will be banished from this nation."[55] A "chicken in every pot" and "two cars in every garage" proved to be very palatable slogans.

Leuchtenburg rebukes the Democratic candidate for the character of his campaign: "Smith's inability or unwillingness to establish a progressive position sharply different from Hoover's permitted the campaign to focus on religion, prohibition, and personalities."[56] Schriftgiesser offers this interpretation: "The campaign in reality was one between two individuals. The one was a mildly liberal Democrat; the other an experimental Republican. The former was a Wet who also spoke in soft denunciation of monopoly. The latter was a Dry who defended, in colorless words, the established order of things. Hoover represented laissez faire and industrial efficiency. Smith represented social responsibility in government. Thus, in a minor way were the people given a choice between two men whose political philosophy was more contrasting than had been the case in 1920 and 1924."[57]

The election returns gave Hoover 21.4 million popular votes with 444 electoral votes representing 40 states as compared to Smith's 15 million popular votes with 87 electoral votes representing 8 states.[58]

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[55]Hicks, p. 210. [56]Leuchtenburg, p. 234.

[57]Schriftgiesser, p. 260. [58]Historical Statistics, 682.

The public identified itself with prosperity and the stock market boom since there was not enough concentrated suffering to show sharply through the affluent fog. As Warren points out the "Republicans won the election of 1928 because they had the inertia of prosperity mythology on their side. Hoover did nothing and said nothing to shatter faith in the myth of eternal boom."[59]

To this writer an analysis of the candidates, platforms, campaigns, and voting in these three elections during the 1920's shows that there was a Lockian consensus because of the following:

1. An overwhelming endorsement of that philosophy which identifies the welfare of America with the welfare of the business community; in concrete terms this took the form of opposition to government regulation of business while at the same time favoring government aid to business. The decisive victories of the Republican Party may to a large extent be attributed to their traditional close association with the business community.

2. Very little difference in the character of the two major parties in these elections with a consequent lack of meaningful choice for the American voter. Thus, the parties to a large degree tended to converge rather than to divide on the major issues.

3. With the exception of the 1924 Progesssives a marked absence of significant protest parties or movements. While the strength of the LaFollette movement indicated considerable discontent among farm groups it had no influence on the outcome of the election and the movement expired shortly thereafter.

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[59] Warren, p. 49. See also Hicks, p. 211; Peel and Donnelly, p. 49.

4. According to the six analytical categories of issues which were set forth in Chapter I,[60]

a) Federal Government Ownership--Republicans consistently opposed; Democrats in 1928 favored government ownership of power sites or plants but not of power distribution; Progressives in 1924 favored public ownership of water-power and railroads.

b) Federal Government Planning--none of the parties endorsed planning.

c) Overall Direction and Regulation of the Economy by the Federal Government--both Democrats and Republicans consistently favored reduction of taxes; Republicans consistently favored a protective tariff while the Democrats supported a low tariff until 1928 when they obliquely endorsed a protective tariff; both the Democrats and the Progressives favored strict endorsement of the Anti-Trust Acts against business monopoly while the Republicans desired lax enforcement.

d) Federal Government Relief and Public Works Programs--in 1928 the Democrats favored a "scientific" public works program "during periods of unemployment."

e) Agricultural Programs of the Federal Government--in 1920 and 1924 both the Democratic and Republican parties vaguely called for assistance to agriculture; in 1928 the Republicans supported a system of voluntary controls promoted by a Federal farm board whereas the Democrats approved the principle of the McNary-Haugen Bill.

f) Labor Programs of the Federal Government--both the Democrats and the Republicans consistently gave lip service to collective bargaining without detailing specific measures; in 1928 they vaguely called for restrictions on the injunction power against unions.

5. To sum up here, it should be stated that where differences regarding these issues (in the six categories) existed this does not signify a sharp distinction in the overall orientation and image of the two major parties inasmuch as other factors and issues were involved.

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[60] Infra, p. 16.

Also, in cases where differences existed many of these issues played a minor role in the elections--for example, the power issue of 1928, the monopoly issue, the unemployment and public works issue.

CHAPTER III

THE PERIOD OF CONVERGENCE, 1920-1932

The Test of Ideology As Applied to Administrative Policy and Congressional Voting Behavior

Introduction

The next major category of the ideology of the period is the character of the Republican Administrations which retained power for three consecutive terms. In focusing upon this subject one point of consideration is the role of the dominant figures of the period--Herbert Hoover and Andrew Mellon. Mellon assumed leadership during the Harding and Coolidge Administrations with Hoover prevailing during his own Administration. Henry Morton Robinson states that: "No one doubts now that Andrew Mellon, Secretary of the Treasury, was the puppet master of the Harding and Coolidge Administrations."[1] In 1921 Harding urged certain proposals on Congress which reacted by promptly chastising him. "Harding accepted the rebuffs. He was not a fighting man."[2] Coolidge, in keeping with his conception of the Presidency, was even more reluctant to exert pressure on Congress. Malcolm Moos comments: "Under Harding the dynamic character of the Presidency as envisaged and practiced by Lincoln, McKinley, and Theodore Roosevelt was deactivated; under Coolidge, except for functions of a strictly administrative nature,

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[1]Robinson, p. 44. [2]Adams, p. 228.

the office became inert."[3] So the void was filled mostly by the Secretary of the Treasury and the Secretary of Commerce.

Mellon's philosophy and his overall approach to socio-economic problems reveal a strong Hamiltonian bent. He called for payment of the debt, balancing of the budget, and policies designed to aid (but not regulate) the wealthy whose investments would in turn lead to national prosperity.[4] His less powerful and less wealthy millionaire colleague, Herbert Hoover, espoused the concept of "progressive individualism" which embodied the principle of business stewardship with government serving as the umpire to prevent abuses among the competitors and to ensure equality of opportunity for all persons. This latter principle is derided by Hofstadter: "The conception that the baker's son and the sharecropper's son have equal chances in life because there is a free public-school system, and that the government provided by Harding, Coolidge, and Mellon was simply the 'umpire of fairness' in the race may seem an eccentric one, but it was not peculiar to Hoover."[5] Hoover's doctrine, however, permitted close government cooperation with and assistance to business and did not exclude government regulation as a last resort to maintain individualism. The latter, though, was to be employed by the federal government only when efforts of the state and local governments had failed.[6]

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[3]Moos, p. 346.

[4]Andrew W. Mellon, Taxation: The People's Business (New York: The Macmillan Co., 1924), pp. 93-94; Schlesinger, The Crisis, pp. 61-63.

[5]Richard Hofstadter, The American Political Tradition (New York: Vintage Books, Inc., 1954), p. 298.

[6]Herbert Hoover, American Individualism (New York: Doubleday, Page & Co., Inc., 1922). Also see Ray Lyman Wilbur and Arthur Mastick Hyde, The Hoover Policies (New York: Charles Scribner's Sons, 1937), pp. 1-34; Warren, pp. 34-36.

The close identification of the Republican Administrations with the business community is well established. A major critic of Republican policy during the period observes:

> In the government of those years Mr. Mellon was a most able spokesman for huge industry and business and that influence ran through Mr. Harding's cabinet and through all the administrative branches and agencies of government. It dominated Congress. Even more, it had the unmistakable support of the American people.[7]

William Allen White remarks: "A scholar interested in coincidences might set down the projects favored in the Coolidge years by the United States Chamber of Commerce and then look at the achievements and endeavors of the Coolidge Administration. Each list matches the other."[8] The Wall Street Journal crowed: "Never before, here or anywhere else, has a government been so completely fused with business."[9] This development continued with the Administration of that apostle of efficient and enlightened capitalism--Herbert Hoover--until the impact of the unrelenting depression to some extent altered its character.

In some cases the power of appointment of the President to the executive and judicial branches as well as to the independent commissions proved to be at least as important as the role of Presidential leadership itself. With reference to the appointments of Taft, Butler, Sanford and Sutherland, Schriftgiesser concludes: "No other of Harding's contributions to normalcy had as far-reaching an effect as his

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[7]George W. Norris, Fighting Liberal (New York: Collier Books, 1961), p. 249).

[8]White, A Puritan in Babylon, p. 396.

[9]Wall Street Journal, October 24, 1924. See also James W. Prothro, "Business Ideas and the American Tradition," Journal of Politics, XV (February, 1953), 67-87.

repacking of the Supreme Court."[10] Another observer, Eric Goldman, further elaborates this theme:

> The conservative administrations of the Twenties abolished none of the regulatory commissions established before the war, and they did not call for the repeal of either the Sherman or the Clayton Antitrust Act. What the conservatives did do was to staff the commissions, the antitrust enforcement division, and the courts with men sympathetic to corporations--to "bore from within," in the angry phrase of Senator Norris. The result was not simply that the reform purposes of regulatory legislation were nullified; business was more immune than ever, as the shrewd railroad attorney Richard Olney had predicted long ago, because the paper existence of the laws mollified discontent.[11]

During the period of convergence public policies of the three branches of the federal government and of the independent commissions will be examined within the framework of the six categories of issues previously set forth. The first of these is federal government ownership.

Federal Government Ownership

During the period of convergence this question was hardly a vital one inasmuch as the main direction of political development was clearly away from public ownership. The one exception of this generalization is the issue of public power.[12] Moreover, this issue cuts across party lines until the 1930's. Part of the Democrats support public

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[10] Schriftgiesser, p. 124.

[11] Rendezvous With Destiny (New York: Vintage Books, Inc., 1959), p. 237. See Hicks for a description of the background and orientation of the specific appointees of this period to the Interstate Commerce Commission, Federal Reserve Board, Federal Trade Commission, Federal Power Commission, and the Tariff Commission, pp. 65-67.

[12] The Reconstruction Finance Corporation (RFC) will be considered in another category because of its limited and temporary status during the period of convergence.

power; part are opposed. The same pattern is true of the Republicans. Thus, in this period of convergence of party opinion the issue is not clearly presented to the voters. Furthermore, in a period of prosperity not many voters are concerned about the issue. Consequently this issue, which broke the Lockian consensus when the parties polarized in the 1930's, began to grow and to clamor for increasing attention, yet for a decade it did not come into full focus. When this occurs the Lockian consensus is broken.

Two issues involving public power received central attention in the 1920's. The less important of the two, the Boulder Dam, came to fruition with the passage of the Boulder Canyon Project Act of 1928. The law stipulated that payment for the construction of the dam should be provided by the federal government which in the future would be repaid by the sale of water. Regarding the critical question of power distribution Hicks comments:

> In deference to the power interests, the law left open the decision whether the construction and operation of the power plant should be in the hands of the government or of private interests. Eventually, with Hoover in the Presidency, the power interests got about all they wanted, and the President took credit for having "kept the Federal Government out of the business of generating and distributing power."[13]

The issue of public versus private power actually centered around the Muscle Shoals project which was the focus of bitter controversy throughout the entire period. In 1921 Secretary of War Weeks announced that he would recommend to Congress the completion of Wilson's

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[13] Hicks, p. 126. Also see Carl D. Thompson, Confessions of the Power Trust (New York: E. P. Dutton & Co., Inc., 1932), pp. 554-562; Wilbur and Hyde, p. 281.

Dam and a long-term lease to industry if a fair return on the investment appeared likely. Shortly thereafter Henry Ford submitted a bid which precipitated a bitter three-year controversy in Congress before the automobile magnate withdrew his offer. Harding took the position that this matter was the problem of Congress rather than that of the President, while the strong men of the Administration, Hoover and Mellon, were vague and evasive. Not so with President Collidge who strongly urged the acceptance of Ford's offer. With the death of this plan the Coolidge Administration swung full support behind the Underwood Bill which would lease Muscle Shoals to private utilities rather than to Ford. Its passage in 1925 was narrowly prevented only by the skillful parliamentary maneuvering of Senator Norris.[14]

After waging a defensive battle for many years Norris went on the offensive with his proposal for public operation of the Muscle Shoals project for power production and fertilizer research with public distribution of the surplus power produced at the project. Democratic Senator Oscar Underwood of Alabama was a powerful conservative influence in this contest. In the clash between the Coolidge-Underwood coalition and the Norris forces the issue of public versus private power clearly emerged. Senator Hiram Johnson, Republican, California, an ardent supporter of the Norris bill, stated that he considered this Muscle Shoals debate to be fundamentally "a question of two warring philosophies of government," while Senator Thomas J. Heflin of Alabama called the Norris bill "Socialistic" and "Bolshevistic."[15] Although the bill

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[14] Preston J. Hubbard, Origins of the TVA (Nashville: Vanderbilt University Press, 1961), chaps. i-vi.

[15] U.S., Congressional Record, 68th Cong., 2d Sess., 1926, LXVI, Part 2, 1670, 1673.

passed the Senate by a vote of 43 to 34 and the House by a vote of 211 to 146, President Coolidge subjected it to the pocket veto in June, 1928. The vote breakdown by party showed that 135 Democrats combined with 73 Republicans in the House to support the measure while 24 Democrats and 73 Republicans opposed it. In the Senate 26 Democrats and 22 Republicans voted against it.[16]

President Hoover's message to Congress on December 3, 1929 advocated the lease of power and fertilizer facilities at Muscle Shoals. He also proposed that Congress should create a commission to negotiate a lease of the project. Representative Carroll Reece's bill embodied the spirit of the Hoover recommendation and was condemned by Norris as representing the interests of the "power trust." Regarding the power issue Norris argued: "Electrical power could be generated at the dams as a by-product and distributed freely to the people of the entire region at prices much lower than they had been compelled to pay. It was this which brought the irreconcilable, embittered, and uncompromising enemy--the power trust--into the fight."[17]

As a result of Norris' able leadership his bill passed the House by a vote of 216 to 153 and the Senate by a vote of 55 to 28 in February, 1931. The underlying political and economic philosophy of the President was clearly revealed in his veto message: "I am

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[16] U.S., Congressional Record, 70th Cong., 1st Sess., 1928, LXIX, Part 9, 9842, 9953-58. To compare ratio with voting on TVA see Table 1 at the conclusion of chap. vi of this thesis. Significant points are (1) the extent of the party vote which diverges from the main party policy and (2) the relation of the vote breakdown of the two parties to each other. Though some votes are used in the text the main consideration is the general procedure used in the table.

[17] Norris, p. 263.

firmly opposed to the government entering into any business the major purpose of which is competition with our citizens. . . . The power problem is not to be solved by the Federal Government going into the power business."[18]

In summing up it should be noted that during the period of convergence: the leaders of the Administration were unequivocably opposed to public power; there was large-scale support for public power in Congress as evidenced by the passage of the Norris bill in 1928 and 1931; this favorable result was achieved by a coalition of southern Democrats and insurgent Republicans; the votes on this bill reflect a convergence by the two parties, or viewed differently, a lack of party unity on the part of both the Republicans and the Democrats.

Federal Government Planning[19]

Another issue that offers potential departure from the Lockian consensus is government planning. However, the initial statement of the planning concept is so moderate that the issue is blurred in this period of convergence. President Hoover instituted modest policies in the area of conservation by adding over five million acres of land to the national forests and national parks while suspending the lease of sale of Government oil lands and encouraging interstate compacts to prevent waste. On the other hand the President determined that the Government grazing lands should be transferred to the states. Hoover

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[18] President of the United States, Veto Message Relating to Disposition of Muscle Shoals, Senate Doc. 321, 71st Cong., 3d Sess., 6.

[19] This term refers to the centralized direction of research, programming, and operations of the economy as a whole or important segments of it.

envisaged unified water resource projects such as the Mississippi System and the Great Lakes-St. Lawrence System and was instrumental in the establishment of commissions to study these projects.[20]

In 1932 when the nation was in the grips of economic depression there were many demands for sweeping and centralized planning either by the federal government or by "big business." One proposal was that of Senator Robert M. LaFollette, Jr. He had introduced in the last session of the Seventy-first Congress a bill to establish a national economic council. This council was to represent industry, finance, agriculture, transportation, and labor and its duties were to investigate economic conditions and to propose remedies.[21] Nothing came of it. One must conclude that efforts toward national planning during the period of convergence were most inconsequential indeed.

Overall Direction and Regulation of the Economy by the Federal Government

A third divisive concept in any period of the American tradition is that of overall direction and regulation of the economy. It should be stated initially that there was no overall direction of the economy during this period. Rather this was an era of free enterprise economics until the introduction of the RFC. Even the RFC was not an overall measure of government intervention but instead a device to keep business from failing after which the RFC would be promptly liquidated. In general, government policy was designed to encourage business which in turn would result in national prosperity and a high rate of employment.

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[20] Wilbur and Hyde, pp. 229-40, 259; Warren, p. 65.

[21] Warren, p. 150.

This policy may be shown by an examination of the following areas:

Regulation.--The question of government regulation represented no complex problem to the man who served as President for six years during the Republican era: "A firm believer in the dictum the less government the better, Coolidge saw only good rather than evil in breaking down as completely as possible all governmental controls over business."[22] With official encouragement from the Administration, great mergers began taking place in many fields. Herbert Hoover as Secretary of Commerce actively supported both this development as well as the formation of trade associations which eliminated price competition. Until the appointment of William E. Humphrey to the Federal Trade Commission (FTC) in 1925 this body had attempted to prevent collusion. Hereafter, at least until 1933, the FTC encouraged the trade association movement and espoused the cause of self-regulation of business. The Supreme Court in several decisions sanctioned both the trade associations and the consolidation movement.[23]

The Water Power Act of 1920 created a Federal Power Commission (FPC), composed of the Secretaries of War, Interior, and Agriculture, which was empowered to regulate interstate hydroelectric development. But as Warren points out the FPC "simply failed to regulate" because of political pressure and an inadequate staff.[24] As a consequence, by the end of the Twenties 10 great utility systems had absorbed about three-

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[22]Hicks, p. 107.

[23]See Moos, pp. 341-342; Carman and Syrett, pp. 481-482; Link, pp. 275, 314-315; E. P. Herring, "Politics, Personalities, and the Federal Trade Commission," American Political Science Review, XXIX (Feb. 1935), 21-35.

[24]Warren, p. 73.

fourths of the total electric light and power business of the nation, greatly inflated the value of their securities, and discharged this burden onto the consumers through higher rates. The Secretary of Commerce was a force of marked influence in this development.

As pointed out by Hofstadter:

> Hoover particularly ingratiated himself with public-utility interests by making several strong speeches opposing federal regulation of power and favoring state regulation, the effectuality of which had been sharply reduced by court decisions. These speeches were distributed in pamphlet lots of 25,000 to 500,000 by the National Electric Light Association, the propaganda agency of the utility companies.[25]

After Hoover became President he made statements which favored federal regulation of power and called for new legislation in this area. A new and independent Federal Power Commission was created but Congress refused to endow it with additional authority for fear the President would pack the new agency with men friendly to the power interests. Congressional suspicions were soon justified as effective federal regulation was postponed until the New Deal period.[26]

In another area the Transportation Act of 1920 restored the railroads to their previous owners. This law also permitted the Interstate Commerce Commission (ICC) to set new rates which would bring a 6 per cent return on investments. It also authorized the ICC "in the interest of better service to the public" to allow limited railroad combinations and charged the commission with the task of planning the integration of the railroads into a few major competitive systems.

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[25] Hofstadter, The American Political Tradition, p. 291. Regarding court decisions see Link, p. 274.

[26] Link, p. 269. Also see Wilbur and Hyde, pp. 314-315; Schlesinger, The Crisis, pp. 56, 118-121.

However, it developed that the railroads through the holding-company device were quite successful in their programs to eliminate competition. The Transportation Act of 1920, designed to provide some regulation of the railroads, obviously failed to achieve this objective during the next decade.[27] Perhaps one of the major reasons for this failure may be found in the character of the appointees to the ICC--the quite conservative John D. Esch and Thomas F. Woodlock.[28]

Other attempts at regulation during the Twenties included (1) the Packers and Stockyards Act of 1921 which granted the Secretary of Agriculture authority to prevent monopolies by the packers as well as control over the rates of commission merchants and the operations of the stockyards, (2) the Grain Futures Act of 1922 which gave the Secretary of Agriculture control over the operations of the grain exchanges and (3) the Communications Act of 1927 which created the Federal Radio Commission with authority to license broadcasting stations and to prescribe wave lengths and hours of operation. The Grain Futures Act was voided by the Supreme Court in 1923.

Tax policy.--In this area the main direction of public policy pointed clearly to a program which greatly benefitted the wealthy. One of these developments was the practice of noninterference by the Treasury Department with the systematic avoidance of federal income tax by the very rich--a story revealed by subsequent Congressional investigations. A favorite device of Secretary Mellon which principally

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[27] Thomas C. Cochran and William Miller, The Age of Enterprise (rev. ed.; New York: Harper & Brothers, 1961), p. 344.

[28] Hicks, p. 65. Also see James W. Prothro, The Dollar Decade (Baton Rouge: Louisiana State University Press, 1954), pp. 141-142; The Nation, CXX (Feb. 25, 1925), 202.

affected the large corporations was the tax refund. "During his first eight years as Secretary of the Treasury, Mellon's refunds reached the total of $3.5 billion, including several million dollars returned to the various Mellon interests."[29] During the most critical year of the depression the new Secretary, Ogden Mills, continued the policy of refunds but on a vastly diminished scale. Harris Gaylord Warren is sharply critical of the Chief Executive: "If President Hoover saw anything wrong in this unsavory business of tax refunds and abatements, his reprimands were so gentle as to be inaudible."[30]

Most important of all was the Mellon program for tax reduction which in large measure was embodied in the Revenue Acts of 1921, 1924, 1926, and 1928. These four laws incorporated nearly all of Mellon's recommendations and repudiated the Democratic Party tax policy (ability to pay) which was inaugurated during the first administration of President Wilson. With the passage of the 1928 Act the "greatest Secretary of the Treasury since Alexander Hamilton" had realized the repeal of the excess profits tax and the gift tax, a drastic slash in the surtax on incomes as well as the estate tax, and a policy of holding concessions to the small taxpayer to a minimum. "He had failed only to obtain complete repeal of the federal estate levy."[31]

The Administration proposals in 1921 and 1924 were bitterly contested by the Farm Bloc in the Senate which consisted of a coalition

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[29] Hicks, p. 53. Also see Harvey O'Connor, Mellon's Millions (New York: John Day, 1933), pp. 124-129; Ferdinand Pecora, Wall Street Under Oath (New York: Simon & Schuster, 1939), chap. ix.

[30] Warren, p. 129. [31] Link, p. 263.

of about twenty western insurgent Republicans and southern Democrats. Shortly after assuming office Secretary Mellon in 1921 urged upon Congress the following measures: (1) repeal of the excess profits tax; (2) immediate reduction of the surtax rate from 73 per cent to 40 per cent, with an ultimate goal of only 33 per cent (this would leave unchanged the taxes below $66,000); (3) a slight increase in the corporation tax; (4) taxes on documents, bank checks, automobile license tax, and two-cent postal cards. Mellon's tax philosophy was that the initiative of the wealth-makers should not be crippled by heavy taxes but that the low-income groups should be taxed in order that they feel a sense of participation in their government.[32]

Senator LaFollette, the leader of the insurgents, declared that

> One single principle dominates the entire bill--to lift the burden of war costs and Government extravagances from the backs of individuals and corporations of great wealth and transfer this burden to those whose industry and productivity is essential to the nation's prosperity. Not only are the supertaxes upon multi-millionaires cut in half and the taxes upon profiteering corporations abolished, but new loopholes are provided by which, in the future, American capitalists can more and more completely escape taxation.[33]

The bitter battle in the Senate lasted for weeks and the aging Republican leader, Boies Penrose, sadly concluded that the situation had become intolerable. Actually, the Administration was defeated on certain amendments offered by the Farm Bloc but it is undeniable that the business community achieved substantial gains with the passage of this bill. In its final version the 1921 Act repealed the excess profits

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[32]See Hicks, pp. 53-54; Schriftgiesser, pp. 108-109.

[33]U.S., Congress, Senate, Committee on Finance, Internal Revenue Bill of 1921, Minority Views, Report No. 275, Part 2, 67th Cong., 1st Sess.

tax, reduced the maximum surtax to 50 per cent, slightly raised the corporation tax, and made negligible concessions to the low-income groups.[34]

The Revenue Act of 1926 cut the maximum surtax from 40 to 20 per cent, abolished the gift tax, and slashed the estate tax in half. The final version passed the House 390-25, and the Senate 58-9. The vote breakdown by party showed that in the House 227 Republicans and 163 Democrats supported the measure while 10 Democrats and 10 Republicans opposed it. In the Senate 25 Democrats and 37 Republicans were recorded in favor of the bill while 4 Democrats and 3 Republicans were recorded in opposition.[35]

Tariff policy.-- The main direction of American tariff policy during the Republican era was toward protection and resulted in sharp increases in the rates for both agricultural and industrial products. In fact, they represented the highest rates in U.S. history. This was accomplished within a context of isolationism and nationalism which effectively excluded the goods of other nations followed by retaliation in return. Republican tariff policy was obviously incongruous with the Hoover trade policy as well as the realities of the international situation.[36]

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[34]See Belle Case LaFollette and Fola LaFollette, Robert M. LaFollette (New York: The Macmillan Co., 1953), pp. 1033-1035; U.S., Congressional Record, 67th Cong., 1st Sess., 1921 LXI, Part 6, 5868, Part 7, 7365-7374, 7522-7523; Frederick L. Paxson, Postwar Years (Boston: Houghton Mifflin Co., 1939), pp. 261-262.

[35]U.S., Congressional Record, 69th Cong., 1st Sess., 1926, LXVII, Part 4, 4444, 4498. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[36]The United States was a creditor nation; Europe was in economic distress; U.S. demanded repayment of war debts by the European

The two major laws which are associated with this tariff policy are the Fordney-McCumber Tariff Act of 1922 and the Smoot-Hawley Tariff Act of 1930. The former was enacted during the Harding Administration with the initiative provided by Congress. As Samuel Hopkins Adams observed "Harding simply didn't know what it was all about." To dramatize his point he describes an interview between Bruce Bliven and the President in which the latter stated that "the United States should adopt a protective tariff of such a character as will help the struggling industries of Europe to get on their feet."[37]

In 1921 Joseph W. Fordney, Chairman of the House Ways and Means Committee, took the lead in a complete revision of the tariff schedules. The Senate, under the guidance of Porter J. McCumber, extensively amended the House bill in the interest of protection and even secured the support of the Farm Bloc because agriculture was also sheltered by this umbrella. The debate was often acrimonious but the only defections in the Republican ranks were those of Borah, LaFollette, and Norris--the Senator from Nebraska forcefully denouncing both the bill as well as the powerful pressure groups in its favor.

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nations; U.S. loaned billions of dollars for their repayment as well as for the purpose of allowing these nations to purchase our products; this loan policy was also linked with the credit policy calling for cheap money at low interest rates; the cheap money policy was also closely related to the wave of speculation by Americans in real estate and securities which ultimately culminated in disaster. Add to this the political instability in Europe which was to some extent caused by the U.S. policy of isolationism. See Walter Lippmann, "A Reckoning of Twelve Years of Republican Rule," Yale Review, XXI, June, 1932, 649-660.

[37] Adams, pp. 222-223.

Not only did the bill achieve the distinction of setting the highest rates ever known up to that time in American history but also retained the embargo on dyestuffs and chemicals. The bill passed the Senate by a vote of 43 to 28 and the House by a vote of 210 to 90. The vote breakdown by party indicates that in the House 205 Republicans and 5 Democrats approved the bill while 14 Republicans and 76 Democrats voted against the measure. In the Senate 41 Republicans and 2 Democrats supported the bill as 5 Republicans and 23 Democrats opposed it.[38]

One feature of the Fordney-McCumber Tariff Act which served as a conciliatory gesture to its opponents was the authorizing of the Tariff Commission to recommend to the President the raising or lowering of rates by as much as 50 per cent. Regarding the character of appointees to this body Schlesinger despairs: "To the Tariff Commission, for example, were sent men who acted almost as open representatives of protected industries."[39] The record of this commission during the next 6 years of the Harding-Coolidge regime shows that 37 changes were instituted, 32 of which called for higher rates. The 5 times on which they lowered the duties were unimportant whereas a recommendation of the Commission to lower duties on an important consumer item--sugar--was pigeonholed.[40]

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[38] U.S., Congressional Record, 67th Cong., 2d Sess., 1922, LXII, Part 11, 11627, Part 12, 12718, 12907. Also see Hicks, pp. 54-59; Schriftgiesser, pp. 92-94. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[39] Schlesinger, The Crisis, p. 64.

[40] Louis M. Hacker, American Problems of Today (New York: F. S. Crofts, 1938), p. 25.

At the suggestion of Senator Borah, President Hoover called a special session of Congress in 1929 for the purpose of considering limited tariff revision. In an attempt to limit the scope of revamping, Borah introduced a resolution to confine revision to agricultural schedules but this proposal was defeated by 1 vote, receiving the support of the insurgent--Democratic coalition. The door to general revision now lay open though the opposition of insurgents Norris and Cutting postponed enactment until the regular session.[41]

When Congress reconvened in December, 1929, a new though powerful face, Joseph Grundy, assumed leadership of those forces favoring high rates for manufacturing. Hicks acknowledges his success: "Grundy traded eastern support of agricultural duties for western support of industrial duties, and got a good deal better than he gave."[42] But Senator Reed, the Pennsylvania Republican plutocrat, believed that the agricultural rates were too high and the industrial rates too low. George Norris protested, however, that "It represents protection run perfectly mad. It is . . . one of the most selfish and indefensible tariff measures that has ever been considered by the American people."[43]

While debate raged in Congress, President Hoover exerted little leadership in the crucial areas--namely, the scope of the legislation or the question of rates. He, nevertheless, was adamant regarding the inclusion of the flexibility provision--a slight modification of the

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[41]U.S., Congressional Record, 71st Cong., 1st Sess., 1929, LXXI, Part 1, 48, 52, 64; Warren, pp. 84-89.

[42]Hicks, p. 220.

[43]U.S., Congressional Record, 71st Cong., 2d Sess., 1930, LXXII, Part 10, 10546-52.

existing law related to the role and composition of the Tariff Commission. Consequently, the new tariff act raised American import duties to an all-time high in the initial phase of the Great Depression and as Hofstadter analyzed it amounted to a "virtual declaration of economic war on the rest of the world."[44] The President declined the advice of one thousand economists who urged him to veto the bill and signed it with the explanation that it would rescue the farmer from economic distress. The final version of the Smoot-Hawley bill passed the Senate by a vote of 44 to 42 and the House by a vote of 222 to 153.[45]

Other policies.--The dominant note of this decade was that of rigid economy translated into policies which called for drastic reduction of taxes and expenditures. A fiscal surplus was realized which, as President Coolidge proudly pointed out in his 1928 message to Congress,[46] paid off one-third of the national debt. The President neither mentioned the mounting volume of state, municipal, and private debt nor did he refer to the fact that expenditures for social services and national defense were cut to the bone. One threat to the policy of economy was averted in 1922 when the Senate narrowly sustained by a vote of 47 to 29 President Harding's veto of the "Bonus Bill." In 1924 a bonus bill which amounted to an endowment policy for the veterans was vetoed by President Coolidge. But the Adjusted Compensation Act became

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[44] Hofstadter, The American Political Tradition, p. 306.

[45] U.S., Congressional Record, 71st Cong., 2d Sess., 1930, LXXII, Part 10, 10625-35, 10789.

[46] U.S., Congressional Record, 70th Cong., 2d Sess., 1928, LXX, Part 1, 20.

law when the veto was overridden in the House by a vote of 315 to 17 and in the Senate by a vote of 59 to 26.[47]

But the penchant of Mellon and Coolidge for thrift did not prevent the Administration from providing subsidies to certain industries. The airlines received direct financial assistance in the form of mail contracts. This policy was carried further during the Hoover Administration with the award of larger subsidies specifically designed to encourage the construction of larger passenger planes. Coolidge changed the personnel of the Shipping Board in such a manner as to promptly dispose of the government-owned merchant fleet. They were sold to private shipowners at approximately 14 per cent of their original cost and the government was also generous to these shipowners with other favors such as mail subsidies. Finally, it should be mentioned that Secretary Hoover also was most helpful to business in many other ways: he organized the Bureau of Foreign and Domestic Commerce to promote trade and serve as a clearing-house of information; he actively encouraged private loans to foreign countries; and, of course, he advocated mergers in many areas.[48]

The federal government through the Federal Reserve Board had two chief weapons of credit policy in the Twenties--sale and purchase

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[47] U.S., Congressional Record, 68th Cong., 1st Sess., 1924, LXV, Part 9, 8660-61, 8813, 8871. This act provided a bonus certificate for each veteran with the Treasury paying the premiums for a policy which would become due in 1945. Thus, the day of reckoning was postponed. It should be noted that 1924 was an election year and that even "old guard" leaders such as Senator Lodge and Speaker Longworth led the fight to override the veto. See Schriftgiesser, p. 173; Claude M. Fuess, Calvin Coolidge (Boston: Little, Brown & Co., 1940), p. 341.

[48] Carman and Syrett, pp. 482-483; Hicks, pp. 61-62, 67-68, 176-177; Warren, pp. 47, 70-71; Wilbur and Hyde, pp. 215-228.

of government securities and the control of the rediscount rate. The Board followed an inflationary "easy money" policy until 1928 when the rediscount rate was raised on three separate occasions but the "bull" stock market was already in full swing by this time. Some observers such as Dixon Wecter and William Allen White viewed the inflationary policy as a major contribution to the forthcoming disaster whereas John Kenneth Galbraith considered the depression to be the consequence of several factors including bad distribution of income.[49] As to the origin of the inflationary policy Hicks offers the following explanation: "The 'easy money policy' to which Hoover objected was no mere accident. Both Coolidge and his far more perspicacious Secretary of the Treasury, Andrew W. Mellon, favored it. A decisive majority of the Federal Reserve Board were devoted adherents of the 'let-business-have-its-head' school of thought, and business wanted easy money."[50]

The social and political scene changed rapidly after the stock market crash of October, 1929 developed into a full-fledged depression within the course of the next year. Poverty, unemployment, and despair generated mass discontent which took various forms. Warnings and threats of many farm, labor, and even religious leaders spoke the language of violence and revolution. It was within this context of popular unrest that a change in the direction of public policy emerged. A much larger degree of intervention in the economy by the federal

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[49] Dixon Wecter, The Age of the Great Depression, 1929-1941 (New York: The Macmillan Co., 1948), p. 6; White, A Puritan in Babylon, pp. 292, 393; John Kenneth Galbraith, The Great Crash (Boston: Houghton Mifflin Co., 1954), chaps. iii, x.

[50] Hicks, p. 228.

government could be clearly discerned, particularly during the year 1932.[51]

In the first phase of the depression (1929-1931) Hoover interpreted the cause to be the great wave of speculation in the American securities market but contended that the economic structure of the United States was sound. The President refused to accept Andrew Mellon's formula "to liquidate labor, liquidate stocks, liquidate farmers."[52] Hoover's program was to encourage a great expansion of construction both by private enterprise as well as state governments and to persuade industrial leaders to maintain wage rates. Hofstadter remarks:

> It is surprising, perhaps, that they agreed to follow his plan, and even more surprising that, so far as wage rates were concerned, they generally made an effort to comply. Not until the summer of 1931 did manufacturers generally reduce wage scales. Production, however, was another matter. They would not produce for a nonexistent market; the volume of output and the total wage bill shrank drastically; the depression deepened.[53]

Hoover continued to demand a balanced budget but during the summer of 1931 he interpreted the second phase of the depression as the product of the European financial crisis. His program called for a one-year moratorium on reparations payments and intergovernmental debts as well as the restoration of the gold standard. However, the European nations, and particularly France did not cooperate; the

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[51] For a discussion of the evolution of the depression and its effects see Warren, chaps. ix-xvi; Schlesinger, The Crisis, chaps. xix-xxvi.

[52] Leuchtenburg, p. 251.

[53] Hofstadter, The American Political Tradition, p. 302. For a discussion of Hoover's interpretations of the different phases of the depression see Moos, pp. 380-382; Wilbur and Hyde, pp. 359-361; Schlesinger, The Crisis, pp. 230-236.

financial crisis worsened and a large number of American banks (2298) failed in 1931.[54]

The third phase of the depression reflected the seriousness of the situation. In response the President introduced the "harmony plan" calling for a greater measure of government intervention. This eight-point plan of critical legislation was proposed in the President's annual message to Congress in December, 1931. It requested more capital for the Federal Land Banks, creation of the Reconstruction Finance Corporation (RFC), establishment of the Home Loan Discount Banks, more flexible discount regulations for the Federal Reserve Banks, aid for depositors of closed banks, strengthening the railways, revision of banking laws, and drastic economy.[55] The RFC represented the Administration's major new weapon against the depression as well as a departure from the hands-off policy of the federal government.

In response to the President's urgent plea for action, a Democratic House and a narrowly Republican Senate enacted several of these proposals, including the establishment of the RFC. This government corporation was authorized to lend up to two billion dollars to financial institutions, insurance companies, and railraods. The bill passed both houses without a record vote.[56]

This measure, according to President Hoover, was designed to aid small business. However, in spite of Hoover's disclaimers, most of the

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[54] Warren, pp. 132-140; Leuchtenburg, pp. 255-256.

[55] U.S., Congressional Record, 72d Cong., 1st Sess., 1931, LXXV, Parts 1 and 2, 1147-1158.

[56] U.S., Congressional Record, 72d Cong., 1st Sess., 1932, LXXV, Part 3, 2081, 2154, 2537.

money was disbursed to the big institutions. It is true that a large number of loans, embracing small sums, went to small institutions but this represented a small proportion of the total amount of money. Warren further adds: "Nor should it be forgotten that loans to small financial institutions generally went through them to the big-city banks."[57] In June, 1932, Charles G. Dawes, the head of RFC, resigned and a few weeks later his bank borrowed $90 million from the organization he so recently directed. This action, of course, contributed to the charges of big-business favoritism. The Glass-Steagall Act of February, 1932 released gold to meet foreign withdrawals and, by liberalizing Federal Reserve requirements, expanded credit. This law abandoned the "sound money" principle inasmuch as it permitted members to borrow from Federal Reserve Banks on their promissory notes. The Act was approved by both houses without a record vote.[58]

Another Hoover proposal was realized in July, 1932, with the passage of the Federal Home Loan Bank Act which was aimed at saving the mortgage market. It created a series of Federal Home Loan Banks which at least diminished the problems of the building and loan associations by discounting home mortgages. While Hoover asked for assistance to the business institutions he was unalterably opposed to a bonus bill for the veterans. In 1931 Congress passed over the President's veto a bill authorizing loans up to 50 per cent on the adjusted compensation certificates of 1924. In this atmosphere of

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[57] Warren, p. 145.

[58] U.S., Congressional Record, 72d Cong., 1st Sess., 1932, LXXV, Part 5, 4761-4762, 4787.

unemployment and desperation the veterans demanded immediate payment of the remaining claims. In 1932 Representative Wright Patman introduced a bill for the issuance of $2.4 billion in fiat money to pay off these claims. Hoover opposed this as he opposed all large-scale spending and continued to maintain in 1932 that nothing was wrong with the basic economy. The problem was psychological in nature--the business community was upset about the forthcoming election and after November about the policies of the New Deal. Only this prevented the nation from recovery which otherwise would have resulted from the Hoover program.

Relief and Public Works Programs
of the Federal Government

The issues of relief and public works did not become a matter of concern until "the years of the locust"--the Great Depression. Hitherto, it was naturally assumed that in those few areas where relief was needed during the decade of prosperity the responsibility rested with the family or the local community. Regarding construction projects it was taken for granted that this was largely a matter for private enterprise with the annual "pork barrel" Congressional appropriations for public works constituting a rather unimportant item in the total picture. This was the background from which the "Great Engineer" faced the problems of economic crisis.

Despite the various optimistic forecasts by Hoover, Mellon, Roger Babson and other prophets the depression worsened during 1931. "In point of fact, business steadfastly refused to revive, unemployment grew, the bread lines lengthened."[59] Unemployment grew from

[59] Hicks, p. 268.

4.5 million in 1930 to 8 million in 1931 to 13 million in 1932.

> President Hoover's insistence that the problem of relief was not a proper charge on the federal government found an echo during the early part of the depression in the readiness of states and municipalities to turn the whole burden to private charity.[60]

The pattern developed as follows: as private benevolence dried up municipal authorities took up the burden, however reluctantly, of direct aid. When this proved inadequate, state assistance became a necessity. And when in turn the latter was exhausted many voices turned to the federal government. President Hoover on February 3, 1931, stated his policy concerning relief: "I am willing to pledge myself that if the time should ever come that the voluntary agencies of the country together with the local and state governments are unable to find resources with which to prevent hunger and suffering in my country, I will ask the aid of every resource of the Federal Government."[61] But did he keep his promise? Hoover's emphasis on the responsibility of the individual and of local government drew strong support from the press and the business leaders who spoke contemptuously of the "dole." Gifford Pinchot, Governor of Pennsylvania, struck back: "If federal aid would be a dole, what were state and local disbursements? . . . Industry and business are not giving men the chance to work. Nor are they feeding the unemployed. We must feed them if they are to live."[62]

In February, 1932, the LaFollette-Costigan bill was the first attempt of any significance by Congress to offer a measure for relief.

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[60] Ibid. [61] Wilbur and Hyde, p. 376.

[62] Gifford Pinchot, "The Case for Federal Relief," Survey, LXVII (January, 1932), 347ff.

This measure called for a modest federal grant of $375 million to the states for relief purposes. In the hearings before the House Committee on Labor, Benjamin Marsh, leader of the principal supporting lobby, stated that passage of the bill was necessary to keep people from starving and prevent a revolution. The opposition used the dole, states-rights, race, and unbalanced-budget arguments against the measure.[63] Before the bill came to a vote in the House it was defeated in the Senate by a vote of 48 to 35. The vote breakdown by party indicates 21 Democrats and 27 Republicans combined to kill the measure which received the support of 18 Democrats and 16 Republicans.[64]

There was considerable intellectual confusion in Congress during this critical period. A supreme example of this state of affairs may be seen in the performance of Speaker Garner. In February, 1932, he called for a national sales tax and a balanced budget but this proved to be unpalatable even to his devoted flock. A few weeks later in a complete turnabout, Garner sponsored an omnibus relief and public works bill which called for an appropriation of approximately $2.2 billion. Although the measure passed Congress it was promptly vetoed by President Hoover in July, 1932. Another similar omnibus measure permitting loans up to $2.2 billion by the RFC while avoiding direct relief, the Emergency Relief and Construction Act, was passed quickly and signed by the President two weeks after his veto of the Garner bill.

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[63] U.S., Congress, House, Committee on Labor, Hearings, Unemployment in the United States, 72d Cong., 1st Sess., 1932.

[64] U.S., Congressional Record, 72d Cong., 1st Sess., 1932, LXXV, Part 4, 4044, 4052. Also see Warren, pp. 203-204. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

One provision of the Act Hoover regarded as terribly dangerous. It required the RFC to report regularly to Congress on the identity of the borrowers and the amount borrowed. The amount disbursed as compared with the amount granted by the July Act proved to be almost infinitesimal as administered in 1932--by the end of the year only about $30 million of the $300 million was allotted for relief and even less for public works.[65] The nearest approach to direct relief occurred when Hoover in 1932 permitted the Federal Farm Board to turn over to the American Red Cross (ARC) 85 million bushels of wheat and 844 thousand bales of cotton. Arrangements were then made by the ARC to process these raw materials into finished products and to distribute them to the needy.[66]

Regarding the political situation in Congress in 1931, Republican Senator Reed of Pennsylvania wrote that the issues between the parties "are very faint at the moment."[67] In conclusion, it should be stated that the Relief and Construction Act constituted the first recognition by the Hoover Administration that the federal government could not refuse help when the states exhausted their resources. But this was a step forced upon it by desperate circumstances and urgent public demand, not a change in fundamental economic philosophy.

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[65] Schlesinger, The Crisis, pp. 228-229, 240-241; Hicks, pp. 271-272; Warren, p. 205-206.

[66] Foster Rhea Dulles, The American Red Cross: A History (New York: Harper & Brothers, 1950), pp. 290-293.

[67] D. A. Reed, "The Future of the Republican Party," The Atlantic, CXXXXVII (March, 1931), 273-276.

Agricultural Programs of the
Federal Government

During the 1920's a chronic agricultural depression prevailed in the United States--a situation caused primarily by the decline in European demand for American farm products. This development was accompanied by growing surpluses and lower prices for farm products while the fixed charges of the farmer remained at or above their wartime highs. Also industrial expansion in America did not increase rapidly enough to absorb the marginal and surplus farming population.

The main direction of public policy in the area of agriculture during this period was toward alleviation rather than solution of the basic problem. The various modest reforms were largely the product of the Farm Bloc--a loosely knit coalition of insurgent Western Republicans and Southern Democrats in Congress. The strength of this group waned after the Harding years but it continued to be a formidable negative force throughout the Republican era. There was an attempt to preserve the small farmer, to help him to become economically viable, and to permit him to organize in his own interests (cooperatives).

The Packers and Stockyards Act of 1921 was designed to aid cattle raisers by forbidding combinations and price-fixing among packers. The Capper-Volstead Act of 1922 exempted agricultural cooperatives from the jurisdiction of the anti-trust laws. The Grain Futures Act of 1922 (voided by the Court in 1923) regulated the transactions of the grain exchanges. The Federal Intermediate Credit Act of 1923 provided for the establishment of banks that would deal only with intermediate-term loans to farmers. Each of the 12 Farm Loan Banks established by the Act was authorized a capital stock of $5 million. The Act passed the

Senate without a record vote and the House by a vote of 276-34. The party breakdown indicates 184 Republicans and 91 Democrats in favor of the measure with 29 Republicans and 5 Democrats opposing it.[68] The export-debenture and McNary-Haugen plans differed from these earlier measures in that they were much more far-reaching in scope and indicated a recognition of government responsibility for major policy questions as well as for the large-scale expenditures which they might entail.

The attitude of President Coolidge toward agricultural problems is accurately reflected in the following two quotations. "Farmers have never made money. I don't believe we can do much about it."[69]

> No complicated scheme of relief, no plan for government fixing of prices, no resort to the public Treasury will be of any value. Simple and direct methods put into operation by the farmer himself are the only real sources of restoration.[70]

Needless to say, neither the members of the Farm Bloc nor the principal farm pressure groups were willing to accept this philosophy.

Both the export-debenture and the McNary-Haugen proposals had the same objectives--to separate the domestic and foreign markets while providing the financial security of fixed prices for the farmer by government supports. The McNary-Haugen bill also contained a provision for an equalization fee to be subtracted from the fixed price and designed to discourage surpluses. The export-debenture plan had the support of the Grange but received scant attention in Congress. McNary-Haugen was fathered by George Peek, had the support of the powerful

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[68] U.S., Congressional Record, 67th Cong., 4th Sess., 1923, LXIV, Part 6, 5523. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[69] White, A Puritan in Babylon, p. 344. [70] Robinson, pp. 93-94.

Farm Bureau, and was the center of bitter political battles for several years.[71]

The McNary-Haugen bill of 1927 varied substantially from the original measure in two ways: (1) cotton and tobacco were added to the list of commodities; (2) the equalization fee was to be paid not by the producers but rather by those connected with the "transportation, processing, or sale" of the commodity. With the added support of Southern Congressmen the bill passed the Senate by a vote of 47 to 39 and the House by a vote of 214 to 178. As Schriftgiesser points out the vote cut squarely across party lines. In the Senate 22 Democrats and 24 Republicans supported the measure as 17 Democrats and 22 Republicans opposed it. In the House 97 Democrats and 113 Republicans approved the bill while 70 Democrats and 108 Republicans voted against it.[72]

Coolidge vetoed the bill on the grounds that it was unconstitutional and would also provide for government price-fixing to which he was opposed. The 1928 bill followed the same course as its predecessor and McNary-Haugen was deceased. Anticipating that Coolidge would be the Presidential candidate in 1928, Senator Capper told "the President that while the Kansas farmer disagreed with him about his veto of the McNary-Haugen Bill, they would be for him in the election."[73]

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[71] Gilbert Fite, George Peek and the Fight for Farm Parity (Norman, Okla.: Oklahoma University Press, 1954); Carman and Syrett, pp. 489-490.

[72] U.S., Congressional Record, 69th Cong., 2d Sess., 1927, LXVIII, Part 4, 3518, 4099. Also see Schriftgiesser, p. 225. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[73] White, A Puritan in Babylon, p. 359.

This situation is characteristic of the amorphous quality that so permeated the American political scene during the 1920's.

Hoover recognized that agriculture was receiving a disproportionately low share of the wealth produced during the Twenties. He, however, did not favor any major change in the economic order but did support modest reforms under which the federal government and the farm groups would cooperate. As President he accordingly summoned Congress into special session in April, 1929, to translate these ideas for farm relief into law. The product, known as the Agricultural Marketing Act, was intended to operate in the generally prosperous society then prevailing.

The Act established the Federal Farm Board with a revolving fund of $500 million from which it might make loans to nation-wide cooperatives which were to be organized for each major agricultural product. The cooperatives in turn were permitted to make loans to individual farmers who would use their crops as security which could be withheld from the market. Also, in case the need should arise loans could be made to certain stabilization corporations, which might be set up to deal only with the marketing commodity. Although this law hardly represents an economic revolution it does, regardless of phraseology, constitute a substantive change in public policy toward a larger degree of government intervention. This law passed the House by a vote of 366 to 35 and the Senate by a vote of 74 to 8. This, of course, indicates a large measure of convergence by the two parties in support of the bill.[74]

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[74] William Starr Myers and Walter H. Newton, The Hoover Administration: A Documented Narrative (New York: Charles Scribner's Sons, 1936), p. 393; Schriftgiesser, p. 267; Hicks, 217-219; Warren, pp. 168-172.

From the outset the operation of this new law was rendered unworkable by the Great Depression. It did not help the situation for the cooperatives to withhold crops for higher prices while farm prices steadily declined. The Hoover policies did result in the accumulation of huge stores of unmarketable wheat and cotton as the Administration futilely asked the farmers to voluntarily cooperate in acreage reductions. "By mid-1931, the Board abandoned its price support efforts and devoted itself to the task of disposing of its holdings. Thereafter the Administration watched farm prices fall with helpless defeatism."[75]

Added to the burdens of the farmer was the disastrous drought of 1930. Several months later the Administration introduced a measure in Congress calling for an appropriation of $25 million for drought relief. Congress increased the amount to $45 million and the Chief Executive somewhat reluctantly signed the measure. It provided for loans--not grants--with crop liens serving as security. An additional law in January, 1932, slightly alleviated the distress of the farmer. It added $125 million new capital to the Federal Land Banks who were authorized to make long-term loans to farmers.

In judging the performance of the Harding, Coolidge, and Hoover Administrations in the area of agricultural policy one should bear in mind the challenge (that is to say, the needs) as compared with the response. The needs were great, particularly during the Hoover Administration, while the response was meager. The price-stabilizing measures, it is true, marked a step toward greater government participation in

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[75]Schlesinger, The Crisis, p. 240.

the operation of the economy. This policy was abandoned in mid-1931 and, for all practical purposes, the farmer was left to shift for himself. Hoover refused to initiate either a compulsory allotment plan or direct relief to the poverty-stricken.

Labor Programs of the Federal Government

Although the labor force did not fare as badly as the farmers in the matter of purchasing power during the Republican era the level of hours, wages and working conditions remained a disgrace. Organized labor declined in both militancy and numbers--a fact not entirely unrelated to the quality of leadership provided by the President of the AFL. William Green was not only apolitical but his craft-union approach in a period of mass production prevented the development of an effective organization. In the South the textile industry continued to maintain company towns and a sixty-hour week.

Attempts to organize these textile workers by the National Textile Workers Union collapsed as violence broke out and the leaders were jailed for attempting a "Communist overthrow of the U.S. Government." In New England efforts to organize unions were checked by the Sacco-Vanzetti case which lingered for seven years until their execution in 1927. The publisher of the conservative Boston Herald declared that "the momentum of the established order required the execution of Sacco and Vanzetti, and never in your life or mine, has that momentum acquired such tremendous force."[76]

Some measures of the Harding, Coolidge, and Hoover Administrations showed indifference toward labor; other measures showed hostility.

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[76] Ibid., p. 141.

Actually, they regarded labor as merely a part of the industrial process rather than as a large separate group of human beings with serious social and economic problems. Republican Cabinet members gave support to the open-shop movement (presented as "the American Plan" by the business leaders) which condemned labor-organizing activities as subversive. This attitude represented the main direction of public policy regarding labor during the 1920's--unions were undesirable if not revolutionary in their designs. Certain specific actions of the Federal Government dramatize this point.

In 1922 the only industrial union in the country, the United Mine Workers (UMW), called a strike and demanded that negotiations on a national basis be conducted. The strike erupted in a rash of violence; President Harding ordered the mines opened and called out the troops; the strike was broken and the UMW declined in strength until the New Deal period. Concurrent with this strike was another major labor-management conflict--the railroad strike. The Railway Labor Board ordered a sizeable wage cut precipitating the strike. After the two parties failed to agree this Board instructed the railway carriers to form company unions. Attorney General Daugherty was convinced that the strike was a Communist attempt to overthrow the government.[77]

After two months he asked Federal Judge Wilkerson, a Harding appointee, to grant an injunction against the strikers. In one of the most sweeping injunctions ever written he forbade picketing as one of the many activities from which the union was prohibited. Daugherty further revealed his point of view with the declaration that "so long

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[77] Ibid., p. 51; Hicks, pp. 71-72; Schriftgiesser, pp. 116-120.

and to the extent that I can speak for the government of the United States I will use the power of the government to prevent the labor unions of the country from destroying the open shop."[78] The single pro-labor achievement of the Harding Administration was the President's successful attempt to persuade the steel industry in 1923 to abolish the twelve-hour day.

Several decisions of the U.S. Supreme Court were in harmony with the anti-labor policy of the executive branch of the government. In 1922 the Court voided a Congressional statute which provided for regulation of child labor. In 1923 a District of Columbia law which set minimum wages for women was stricken down. And in a number of decisions during the Twenties the Court ruled that the Clayton Act had neither conferred upon labor unions immunity from prosecution for violating the anti-trust laws nor legalized labor practices that were illegal before the Clayton Act was adopted.[79]

The Railway Labor Act of 1926 established the National Board of Mediation which was authorized to act in all disputes not settled by bipartisan boards of adjustment. The law was important but unsatisfactory to labor in that it provided no penalty for violations by employers. It did, though, call for compulsory arbitration after other methods failed. This measure received the support of 28 Democratic and 40 Republican Senators with only 4 Democrats and 9 Republicans opposing it in the upper house. In the House of Representatives 156 Democrats

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[78] Leuchtenburg, p. 99.

[79] Link, pp. 273-274.

and 222 Republicans approved the bill with 8 Democrats and 5 Republicans voting against it.[80]

The one pro-labor law to be passed by Congress during the Republican era was the Norris-LaGuardia Anti-Injunction Act of March, 1932. The statute outlawed the yellow-dog contract and drastically curtailed the use of injunctions in labor disputes. Hoover was not pleased with the bill but he did not dare veto it in such an atmosphere of turbulence as the depression was unrelenting.[81] The measure passed the Senate by a vote of 75 to 5 and the House by a vote of 362 to 14. This margin indicates not only a large measure of support by both parties but also, of course, a large degree of convergence between the Democrats and the Republicans in Congress.[82]

Conclusion

The Republican era was not one of great social protest movements or ideological conflict but rather one of complacency and self-satisfaction with the business culture which prevailed. When this mood was challenged extreme reactions and violations of civil liberties often occurred--actions which were frequently condoned or sponsored by the federal government. It must be said that this period was characterized by a large degree of convergence between the major political parties.

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[80] U.S., Congressional Record, 69th Cong., 1st Sess., 1926, LXVII, Part 5, 4778, Part 8, 9207. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[81] Norris, chap. xxix.

[82] Warren, pp. 191-192.

However, it should be pointed out that there was considerable pluralism during the period of convergence but it does not polarize around either party. There was much criticism of the Republicans, dissident groups in each party, third-party movements such as the 1924 Progressives, and intellectual pluralism during the period. Thus, one finds a great deal of evidence of the lack of a monolith as posited by Hartz.

The convergence is demonstrated by such features as the blurring of issues, a similarity in the image of the Presidential candidates as well as the party platforms and campaigns, a lack of party discipline in Congress which often found Congressmen in both parties ignoring or defying their leadership, a lack of unity between the policy of the Administration and of the Republican Party in Congress most clearly evident in the opposition of the insurgents who so ably led that coalition known as the Farm Bloc. So the parties were amorphous, the political process presented a rather confusing picture, and the factor of personality became a significant one. As was indicated earlier the same persons who supported McNary-Haugen would without question vote for Calvin Coolidge or his successor.

In short, the two major parties did not present clear-cut alternatives--a fact which was reflected in the character of the three Presidential elections as well as the formation of public policy by the executive and legislative branches of the federal government. Instead of a tendency to polarize one finds rather a tendency to converge and thus one discovers a certain validity in the Hartz thesis as applied to this period. This writer believes, however, that Hartz overstates the case even with respect to the Republican era--that the Lockian tradition,

while receiving the overwhelming acceptance of the American people, still does not attain monolithic proportions. Especially is this point applicable to the last year or two of the period when the impact of the depression was so telling. Not only did the public mood change with increasing evidence of discontent but also the direction of public policy changed with a greater degree of intervention in the economy by the federal government. This, of course, constitutes a movement away from the Lockian tradition. And in view of the fact that this observer does not have a direct pipeline to the "American unconscious" it is impossible for him to conclude that an "absolute acceptance of the Lockian tradition" continued underground.

CHAPTER IV

THE PERIOD OF DIVERGENCE, 1932-1936[1]

Nature of the Period

There is a sharp change in the politics and ideology as the period of normalcy changes to that of the Great Depression. Normalcy was accompanied by Hooverian dogmatic abstraction. The next period is the New Deal of 1933-1936. The contrast is not only in the differences between the Republican and Democratic Administrations but also in the simple fact that so much history could be compressed into such a short period of time as the first term of Franklin D. Roosevelt. In short, one is awed by the sheer magnitude of social change as well as by the form and content which characterized it. As the United States passed through the interregnum between the presidential election and the inauguration the economic crisis deepened and spread desolation all around.

The Great Depression was a novel phenomenon without parallel in American history and the response by the Hoover administration to this great challenge degenerated into stalemate during the interim period. Part of the difficulty lay in the mutual mistrust between the

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[1]The title represents an arbitrary characterization of the period beginning roughly with the national political party conventions of 1932 and extending roughly up to the time of the conventions of 1936.

outgoing and incoming Presidents. Whatever the reasons it is a fact that bank failures and unemployment accelerated with alarming rapidity and panic seized the land. Into this terrifying and demoralizing situation entered a man of different mettle than his predecessor. For Franklin Roosevelt's concept of the office of the presidency and the immediate implementation of his philosophy instilled hope in the minds of the stricken. His view of the office is defined in the following quotation by FDR:

> It is more than an engineering job, efficient or inefficient. It is pre-eminently a place of moral leadership. All our great Presidents were leaders of thought at times when certain historic ideas in the life of the nation had to be clarified.[2]

Roosevelt established direct contact with the people through his radio fireside chats. He deeply felt the need to explain to the public the most intricate problems of government with clarity as well as confidence. Hofstadter has commented as follows: "No personality has ever expressed the American popular temper so articulately or with such exclusiveness."[3] The need for quick and decisive action during these desperate days was filled by the Blitzkrieg of the "Hundred Days."

> In this period Franklin Roosevelt sent fifteen messages to Congress, guided fifteen major laws to enactment, delivered ten speeches, held press conferences and cabinet meetings twice a week, conducted talks with foreign heads of state, sponsored an international conference, made all the major decisions in domestic and foreign policy and never displayed fright or panic and rarely even bad temper.[4]

The panic was over but not the suffering.

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[2]Schlesinger, The Crisis, p. 483.

[3]Hofstadter, The American Political Tradition, p. 315.

[4]Arthur M. Schlesinger, Jr., The Coming of the New Deal (Boston: Houghton Mifflin Co., 1958), p. 21. Henceforth, the title will be referred to as The Coming.

Frederick Lewis Allen contrasted this early New Deal program with the Hoover program in the following paragraph:

> It was not a program of defense but of multiple and headlong attack. In most of the laws and certainly in the intent behind them was a new emphasis on the welfare of the common man; a new attempt, as was often said, to build prosperity from the bottom up rather than from the top down. . . . Also in contrast was the visible distrust by Roosevelt of the bankers and corporate insiders of Wall Street. Hoover had leaned upon them for advice and assistance (which was not always forthcoming), Roosevelt disregarded them. He preferred the assistance of supposedly impartial (if impractical) professors to that of supposedly practical (if partial) business men.[5]

Public opinion had by 1933, undergone a major transformation which was expressed in terms of hostility toward business leaders rather than the previous attitude of reverence. This bitterness was accelerated by the revelations which took place at the Senate Banking and Currency committee hearings which were so ably conducted by Ferdinand Pecora. These hearings revealed not only unethical, if not illegal, practices by the business titans but also demonstrated a shocking paucity of ideas for economic recovery.[6] Despite being ignored as never before, the business community was in a sufficient state of shock that it cooperated and accepted the first year of the Roosevelt program. But once the country was embarked on the New Deal the economy experienced partial recovery and the sense of national crisis was dissipated.

This fact together with the passage of regulatory legislation in the area of banking and securities as well as the NRA experience

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[5] Frederick Lewis Allen, Since Yesterday (New York: Bantam Books, Inc., 1961), p. 97.

[6] Schlesinger, The Coming, chap. xxvii; U.S., Congress, Senate, Committee on Banking and Currency, Hearings, Stock Exchange Practices, 73d Cong., 1st Sess., 1933; Pecora, Wall Street Under Oath.

contributed to the alienation of the business community toward the New Deal in general and toward Franklin D. Roosevelt (FDR) in particular. "Willard M. Kiplinger, the writer of an influential newsletter for businessmen, later gave March 1, 1934, as the date when business reaction against Roosevelt began to be significant."[7] This opposition became more shrill with the passage of time. This development in early 1934 also indicated the trend toward increasing polarization in American politics.

But the New Deal demonstrated one quite basic asset--it cared about people. Regarding the problem of relief the Administration immediately assumed responsibility and implemented a large-scale program of direct relief. A partisan observer, Henry Morton Robinson, points up another facet of this program: "To the disgust of Republican editorial writers, home relief was granted on a basis of need, not moral merit."[8] Another example was the treatment of the second installment of the Bonus Expeditionary Force which descended on Washington in May, 1933. Instead of troops and bayonets the President provided food, shelter, and medical attention for these veterans and their camp was visited by the President's wife.

The first term of FDR is clearly divided into two distinct periods--the First New Deal of 1933-1934 and the Second New Deal of 1935-1936. The former accepted the philosophy of an organic economy and a coordinated society but these New Dealers were also divided into two schools. One group, led by Raymond Moley, emphasized the idea of

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[7]Schlesinger, The Coming, p. 471.

[8]Robinson, p. 239.

business--government partnership with more concern for recovery rather than for reform. Within this framework Moley increasingly accepted the notion that business knew best. The other group, headed by Rexford Tugwell, called for structural reform with centralized government planning as a fundamental requisite. Even before their invalidation by the Supreme Court it had become apparent that the principal agencies of national planning--the NRA and the AAA--came to be more and more under the control of conservative administrators and private pressure groups.

The Second New Deal reflected the influence of Wilson's New Freedom in the drive to break up huge economic concentrations and restore competition. The exponents of this doctrine were under the tutelage of Brandeis with Frankfurter as the leader of a coterie of brilliant lawyers. Another major principle of the Second New Deal was the emphasis on government spending to stimulate purchasing power and to relieve unemployment. This policy, known as "pump priming," was identified with Marriner Eccles and more prominently in the coming years with the name of John Maynard Keynes.

The first months of 1935 may be considered an interim period between the First New Deal and the Second New Deal. They must also be regarded as months of Presidential vacillation and uncertainty as well as one of germination. By the spring of 1936 the sense of direction emerged clearly, strong leadership was reasserted, and great accomplishments were effected during the 1935 Session of Congress. In Schlesinger's view:

> Few Congresses in American history had achieved so much: the institution of a revolutionary system of social insurance; the establishment of government guarantees for labor organization and collective bargaining; the reconstruction of the banking system;

> the reorganization of the power system; the reform of public utility holding companies; massive provisions for relief and public works; the enactment of a program to stabilize the coal industry; the beginnings of important changes in the tax structure; new railroad-retirement and farm-mortgage laws to replace those invalidated by the Supreme Court.[9]

In spite of all the great efforts to relieve the distress during these years the depression was only alleviated--not eradicated. A substantial measure of discontent manifested itself and was directed not only towards the government but also at the politico-economic system itself. This unrest found expression in the rise of powerful demagogues and protest movements which ranged all the way from the Far Left to the Far Right. Particularly was dissatisfaction evident among the lower middle classes. But we should not forget that the American value system was shaken to its very roots by the experience of the unrelenting depression.

Frederick Lewis Allen surveys the wreckage of these fundamental tenets:

> In it we find the assumption that well-favored young men and women, coming out of school or college, could presently get jobs as a matter of course; the assumption that ambition, hard work, loyalty to the firm, and the knack of salesmanship would bring personal success; the assumption that poverty (outside of the farm belt and a few distressed communities) was pretty surely the result of incompetence, ignorance, or very special misfortune, and should be attended to chiefly by local charities; the assumption that one could invest one's savings in "good bonds" and be assured of a stable income thereafter, or invest them in the "blue-chip" stocks of "our leading American corporations" with a dizzying chance of appreciation; the assumption that the big men of Wall Street were economic seers, business forecasters could forecast, and business cycles followed nice orderly rhythms; and the assumption that the American economic system was sure of a great and inspiring growth. Not everybody, of course, had believed all of these things. Yet so many people

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[9]Arthur M. Schlesinger, Jr., The Politics of Upheaval (Boston: Houghton Mifflin Co., 1960), p. 337. Henceforth, the title will be referred to as The Politics.

> had based upon one or more of them their personal conceptions of their status and function in society that the shock of seeing them go to smash was terrific.[10]

The effect of the New Deal period upon various groups was varied as well as profound. With respect to the farmer one finds a mixed picture. The New Deal attacked the critical situation in 1933 through the plan of agricultural adjustment. This was designed to curtail surpluses by a quota system induced by benefit payments which were financed by a processing tax. Farmers were in a revolutionary mood throughout 1933 but as the effects of AAA and other measures began to be felt in 1934 the general discontent among the farmers subsided. However, special problems of a serious character remained.

One of these was created by the dust storms which swept the Great Plains in 1933-1935 denuding the land and depopulating the countryside. This was accompanied by the great Westward migration so graphically portrayed by the Okies of John Steinbeck's Grapes of Wrath.[11] The Resettlement Administration attempted to work out a program calling for purchase of the worn-out land and for moving farmers elsewhere, but this was a modest effort compared with the need.[12] Another development during this period was the displacement of farm tenants--a process initiated by mechanization but accelerated by the AAA allotment plan. The victims organized the Southern Tenant Farmers Union in protest; violence by the planters and counterviolence by the tenants ensued but in the end the

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[10] Allen, Since Yesterday, p. 125.

[11] John Steinbeck, The Grapes of Wrath (New York: Random House, Inc., 1939).

[12] Thomas L. Stokes, Chip Off My Shoulder (Princeton, N. J.: Princeton University Press, 1940), pp. 383-394.

renters moved on to farther lands to join the Okies in the search for something better.[13] This Westward migration of rural folk should not obscure the fact that during this period the main demographic trend continued to be that of urbanization.

Perhaps the most beneficial measure for the farmers was the Rural Electrification Administration which was instituted in 1935. The effect was to introduce electric power into most rural areas for the first time and thus bring about a whole new way of life. "No single public agency ever so enriched and brightened the quality of rural living."[14]

Prior to the New Deal organized labor, largely confined to the craft unions, had been an ineffectual force on the American scene. Section 7a of the NRA law guaranteed collective bargaining but conservative administration of this provision by the federal government combined with weak labor leadership, which also could not reorient to the new mass industries, resulted in only small gains for labor. In fact, in the area of steel, automobiles, and rubber there was an unprecedented development of company unionism. This situation was not changed until reformation was effected in both camps--government and labor. Passage of the Wagner Act in 1935 provided effective enforcement procedures to guarantee collective bargaining and to punish unfair labor practices. This same year witnessed the rebellion of John L. Lewis, significantly the one great leader of an industrial rather than a craft union, against

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[13] Howard Kester, Revolt Among the Sharecroppers (New York: Covici, Friede, 1936).

[14] Schlesinger, The Politics, p. 384.

the American Federation of Labor. He directed the Committee for Industrial Organization (known as the CIO and later changed in 1938 to the Congress of Industrial Organizations), that is to say, the birth of industrial unionism. From this point the rise of a powerful labor movement in America may be dated.[15]

The New Deal afforded a most auspicious atmosphere for the cultural community--the artists and the intellectuals. The Administration employed the talents of the latter to a degree unknown since the early periods of American history and the most influential of this group came to be known as the Brain Trust. Not only did the various government agencies provide the sustenance of direct relief to the artists but also constructed numerous cultural centers as well as subsidized the writers' projects, documentary studies and films, state guides and other cultural endeavors including student scholarships. It was, indeed, an experience of national self-discovery.[16]

The dominant reaction of writers to the contemporary crisis was one of social consciousness. As Alfred Kazin describes it: "Never were writers so anxious to participate in society and to liberate it; never were they at the mercy of all the social pressures and so driven by public events."[17] The picture of social discontent was reflected

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[15]Schlesinger, The Coming, chaps. xxiii, xxiv, xxv; Walter Lippmann, Interpretations, 1933-1935 (New York: The Macmillan Co., 1936), chap. vi.

[16]Alfred Kazin, On Native Grounds (Garden City, N. Y.: Doubleday & Co., Inc., 1956), pp. 380-398; Hofstadter, The American Political Tradition, p. 318.

[17]Kazin, p. 289.

in the Georgia sharecropper of Caldwell's Tobacco Road, the warning of impending Fascism in Sinclair Lewis' It Can't Happen Here, the plight of migratory workers in Steinbeck's In Dubious Battle and The Grapes of Wrath. The destruction of the social order according to the party line engrossed the Marxist writers such as Odets, Steffens, and Granville Hicks. Another influential group, the Radicals, as represented by Niebuhr, Dewey, Beard, and Max Lerner called for a major reconstruction of the social order without, however, embracing the Stalinist solution.

By the end of 1933 the New Deal "Honeymoon" was over--the period of convergence in the name of positive government had broken down in the face of new doubts as well as intra- and inter-party conflicts and dissension. A picture of pluralism and divergence begins to emerge. According to Fortune all of the important Democratic industrialists had deserted the Democratic stronghold.[18] Most of the party's living Presidential candidates came to share the same view. This list included John W. Davis and Al Smith but excepted James M. Cox. Many of these displaced persons joined together to create the American Liberty League to save America from the peril of Roosevelt.[19] Another powerful defector, William Randolph Hearst, embarked upon a campaign of vilification in his large chain of newspapers and magazines. John J. Raskob and the DuPonts were so desperate that they were willing to back any

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[18]"Mr. Roosevelt's Men," Fortune, IX (April, 1934), 90-99, 141-150.

[19]George Wolfskill, The Revolt of the Conservatives: A History of the American Liberty League (Boston: Houghton Mifflin Co., 1962).

demagogue who could stir the masses--even Eugene Talmadge. The activities of the Liberty League offer additional evidence of the trend toward polarization.

But the politics of protest was not confined to the Right--there were many vocal and influential organizations and movements of the Left (or with Leftist tendencies) which made their imprint upon American history of the Mid-Thirties. They included the Communists, Socialists, Progressives, Non-Partisan League as well as the movements associated with Huey Long, Father Coughlin, Gerald K. Smith, Upton Sinclair, and Doc Townsend. As Schlesinger describes it the people had "regained the energy to fight among themselves in 1934. In the new mood, politics began to recover meaning: the battle of programs and ideas acquired significance once more."[20]

In surveying the political scene at this time one finds not only a powerful movement toward polarization of the Right as represented by the Republican Party and its auxiliary (the American Liberty League) and of the Left as represented by not only the New Deal but also by a pluralism of other alternatives. As both Hofstadter[21] and Link[22] point out, the nation by late 1934 had divided roughly into a Right and a Left. Although this situation was neither forced nor desired by Roosevelt he adjusted to it by forming a new and lasting liberal coalition to represent the Democratic Party.

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[20]Schlesinger, The Politics, p. 15.

[21]Hofstadter, The American Political Tradition, p. 334.

[22]Link, p. 400.

The traditional Party organization, with its classical alliance of Northern city bosses and Southern conservatives, believed in little beyond states' rights and federal patronage.

> But the new coalition was bound together, not by habit and by spoils, but by ideas, by a sharp sense of alienation from the business culture and by a belief in positive government as the instrument of national improvement. . . . He [Roosevelt] thereby became the natural leader of all Americans who felt themselves excluded by the business tradition--farmers, workers, intellectuals, Southerners, Negroes, ethnic minorities, women.[23]

In analyzing the New Deal within the international context it should be noted that Roosevelt, in direct contrast to his predecessor, pursued a policy of economic nationalism in monetary matters (abandoning the gold standard) while following a policy of economic internationalism with reference to tariff programs (reciprocal-trade agreements). More significantly, Roosevelt faced an extreme domestic crisis similar to those being met abroad by such extremism as Stalinist Communism, Italian Fascism, and German Nazism. In contrast, America avoided such extremism while adhering to the democratic process and effecting what John Gunther calls a "gradualist revolution." Gunther remarks: "Only a man of the Left could have saved capitalism, because what capitalism needed was reform. FDR fought off socialism, so to speak, by reforming capitalism--but in the process he let a lot of socialism in."[24]

Within the national context the early New Deal was a period of bold planning, dedication to noble ideals, and an explosion of activity which gave birth to and implemented vast and complex programs

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[23]Schlesinger, The Politics, pp. 409, 411.

[24]John Gunther, Roosevelt in Retrospect (New York: Pyramid Books, Inc., 1962), pp. 301-302.

operating within a pragmatic framework. This activity often was accomplished with amazing rapidity--e.g., the abolition of Prohibition in 1933 as well as the legislation of "The Hundred Days." It was a period in which both the size and power of the federal government increased greatly with the proliferation of alphabet agencies. A new relationship between the citizen and the federal government developed. According to Wecter the citizen came "to regard the national government in the role of a beneficent friend, a mightly arm against insecurity, and an employer to serve."[25]

But the government also "began to impinge upon the life of the citizen as never before--taxing, lending, spending, building, setting quotas in agriculture and conditions of employment in industry, erecting new controls over the highways of interstate commerce."[26] However, as Thomas Jenkin states, government intervention in economic and other "private" matters is no new thing in the United States.

> But widespread and deliberate intervention which is directed toward the control of all groups, and especially of the business and commercial groups, and which aims particularly at the welfare of the agricultural and labor communities is a very definite departure from the traditional role of government.[27]

Just as a political bill of rights emerged from American constitutional history this same author believes that an economic bill of rights emerged from the New Deal. It included the following principles:[28]

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[25] Wecter, p. 81.

[26] Ibid., pp. 81-82.

[27] Thomas Paul Jenkin, Reactions of Major Groups to Positive Government in the United States, 1930-1940 (Berkeley: California University Press, 1945), p. 396.

[28] Ibid., p. 401.

1. Individual property rights must be guaranteed by government regulation.
2. Guarantee of minimum subsistence level for the whole people.
3. Right to social security and old-age support.
4. Right to education.
5. Right to medical attention.
6. Right to recreation.

This philosophy recognized the needs of a complex industrial society and the corresponding responsibility of the federal government to play a major role in the fulfillment of those needs. The self-sufficient individualism of Locke in a period characterized by the power of corporate octopi had already proved to be woefully inadequate.

The Test of Ideology as Applied to the National Party Conventions and Presidential Elections of 1932 and 1936

The Presidential Election of 1932

A comparison of the background and social philosophy of the two major presidential nominees in 1932 reveals sharp differences between the two men. Hoover, as the self-made Iowa farm boy who became the great engineer, had attained substantial personal wealth. In the 1920's he had assumed the role of spokesman of enlightened capitalism as Secretary of Commerce under Harding and Coolidge. As President he continued to preach the virtue of American individualism even while the nation experienced the worst economic crisis in its history. Franklin Roosevelt offered the contrast of a liberal aristocrat with a definite sense of social responsibility who did not hold the lords of Wall Street in veneration. He had demonstrated as Depression Governor of New York a

willingness to experiment which was reflected in his record of constructive leadership and legislation. Hoover was the brilliant administrator and the inept politician, unskilled in the arts of compromise and cooperation; whereas Roosevelt had demonstrated his ability in both areas.[29]

Hoover as the incumbent was the certain nominee of the Republican party in 1932. All phases of the national convention, including the composition of the platform, were directed by President Hoover. Most of the proceedings were conducted in a very dull and routine fashion. The exception was the battle over the prohibition issue which was climaxed by the defeat of the wets. Walter Lippmann in analyzing the convention, was struck by the total absence of economic insurgency in such a period of great distress.[30] Frederick Lewis Allen is even more descriptive: "Considering what was going on in the world, the general aspect of the Republican deliberations was ichthyosaurian."[31]

The platform endorsed the Hoover policies to the last detail, opposed government spending, opposed direct federal relief and demanded extension of the tariff.[32] In comparison the Democrats enjoyed a lively convention which featured a stop-Roosevelt movement led by Al Smith and aided by the Garner-Hearst forces. Hearst, convinced by an earlier Roosevelt speech that he had abandoned support of the League of Nations, persuaded Garner to release his votes and accept the vice-presidential

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[29]Schlesinger, The Crisis, chap. xxxiii; Link, chaps. xvii, xviii; Roy V. Peel and Thomas C. Donnelly, The 1932 Campaign: An Analysis (New York: Farrar & Rinehart, 1935), chaps. i, ii, iii.

[30]Lippmann, Interpretations, 1931-1932, pp. 286-287.

[31]Allen, Since Yesterday, p. 61.

[32]Porter and Johnson, pp. 339-351.

nomination.[33] The platform, however, was a disappointing conglomeration of contradictions and ambiguities. It was written by the conservatives led by A. Mitchell Palmer and Cordell Hull who called for a balanced budget, a sound currency, a 25 per cent reduction of federal expenditures, and the removal of government from all fields of private enterprise except public works and conservation.

On the other hand, the platform called for federal public works and unemployment relief, regulation of holding companies and of the security exchanges, strengthening of the antitrust laws and effective control of crop surpluses. Schlesinger comments: "Despite these gestures to progressive sentiment the platform on the whole favored retrenchment and laissez faire rather than expansion and planning."[34] The platforms of the two major parties differed only in the degree of their conservatism. The only significant minor party, the Socialist, presented a radical platform calling for social ownership and democratic control of the principal industries of the country.[35]

Roosevelt abandoned political tradition by flying to Chicago to deliver the acceptance speech to the convention. In responding to what he felt was a great need for bold leadership he promised the American people "a New Deal." The character of the political campaign, as

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[33] W. A. Swanberg, Citizen Hearst (New York: Bantam Books, Inc., 1963), pp. 516-518. For an account of pre-convention and convention activities see Edward J. Flynn, You're the Boss (New York: Collier Books, 1962), chap. ix and James A. Farley, Behind the Ballots (New York: Harcourt, Brace & World, Inc., 1938), pp. 81-89, 102-154.

[34] Schlesinger, The Crisis, p. 302. Also see Porter and Johnson, pp. 331-333.

[35] Porter and Johnson, pp. 351-354. See David A. Shannon, The Socialist Party of America (New York: The Macmillan Co., 1955), chap. ix for a discussion of the Socialist campaign.

contrasted with the platforms, revealed a clear-cut divergence between the two major parties. In the first place the two candidates interpreted the depression quite differently. Hoover viewed it as the product of international developments whereas Roosevelt saw it as a domestic calamity and capitalized upon the popular tendency to make Hoover and the Republican party the scapegoat.

Hoover proudly stood upon the record of his administration and defended the gold standard, the protective tariff and the drive for a balanced budget as the three keystones of Republican policy. Roosevelt equivocated on the tariff issue and in one speech (Pittsburgh) called for a balanced budget. However, the main thrust of his campaign was clearly in the direction of positive government calling for federal relief and public works, a conservation program, a program to restore agricultural purchasing power, regulation of securities and commodity exchanges as well as public utility holding companies, banking reform, public power, and programs for old age assistance and unemployment insurance.[36]

A member of the Brain Trust, Samuel Rosenman, contends that with the exception of the NRA and deficit spending every major project of Roosevelt's first term was foreshadowed in one or more of the campaign speeches.[37] Regarding one major question Peel and Donnelly comment: "The issue which was conspicuously avoided by the major parties was

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[36]Frank Freidel, Franklin D. Roosevelt: The Triumph (Boston: Little, Brown & Co., Inc., 1956), pp. 368-369. Also see Schlesinger, The Crisis, pp. 452-453; Allen, Since Yesterday, p. 75, and Flynn, chap. x.

[37]Samuel I. Rosenman, Working with Roosevelt (New York: Harper & Brothers, 1952), pp. 85-86.

national planning."[38] Norman Thomas made one addition to the Socialist platform by urging a capital levy. In the last stage of the campaign Hoover exposed his desperation by questioning Roosevelt's Americanism and finally even invoking the Red Smear.[39]

As Malcolm Moos notes, the election results were nothing short of an earthquake. Roosevelt obtained 22.8 million popular votes and carried 42 states with 472 electoral votes to Hoover's 15.8 million popular votes with 6 states and 59 electoral votes. Thomas polled only 884,000 popular votes. The full dimension of this sweep can be even better appreciated by observing that Roosevelt carried 2721 of the nation's 3050 counties and that the Democrats picked up 12 Senate seats and 99 House seats.[40] In examining the election of 1932 Arthur Ekirch, Jr., concludes: "Rendered desperate by the depression and the alternative of four more years of the Hoover administration, the American public was not inclined to inquire extensively into the logic of the Democrats' case."[41] Basil Rauch finds that this election resembled those of 1800, 1860, and 1912 in one important respect:

> In these elections, as in 1932, the party in power was overthrown after it had become conservative in the interest of a single sectional-class group, and a party and a leader came to power who promised to solve new problems with new laws in the interest of broad groups in every section.[42]

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[38] Peel and Donnelly, The 1932 Campaign: An Analysis, p. 140.

[39] Schlesinger, The Crisis, pp. 435, 437.

[40] Bureau of the Census, Historical Statistics, p. 682; Moos, p. 387.

[41] Arthur A. Ekirch, Jr., The Decline of American Liberalism (New York: Longmans, Green & Co., Inc., 1955), p. 269.

[42] Basil Rauch, The History of the New Deal, 1933-1938 (New York: Creative Age, 1944), p. 46.

One might well argue here that the results of this election represent an endorsement by public opinion of a governmental philosophy which favors a departure from the Lockian tradition.

The Presidential Election of 1936

In considering the background and social philosophy of the two candidates it may initially be pointed out that Roosevelt, as the incumbent, had established possibly the most impressive record of progressive policies and legislation in American history and that he identified himself very closely with the problems and aspirations of the lower and middle classes. FDR was a dynamic personality who communicated marvelously with his audience either in person or over the radio.

In contrast the Republican candidate was a colorless nationally unknown Kansan who had become moderately wealthy as an independent oil producer. It would, however, be a gross oversimplification to assert (as John K. Winkler did) that Alfred Landon was simply the product of creative journalism.[43] For it is well established that Landon had the support of powerful Eastern business and political leaders before or in some cases coincident with the "Hearst boom."[44] A study of Landon's background reveals that he was a Bull Mooser, supported LaFollette in 1924, and while serving his second term as Governor of Kansas was not identified with the Hoover wing of the party.

He was often characterized as a middle-of-the-roader. It is clear that he was conservative in fiscal policy, preferred states'

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[43]John K. Winkler, William Randolph Hearst: A New Appraisal (New York: Hastings House, Publishers, Inc., 1955), p. 316.

[44]Swanberg, p. 566; Schlesinger, The Politics, pp. 535-539.

rights as against federal action but also that he favored protection of civil liberties, regulation of business, conservation, and the objectives of social welfare.[45] The only significant minor party in the Presidential election of 1936, the Union Party, endorsed Congressman William Lemke as its candidate. He had been a leader in the Non-Partisan League of North Dakota during the Twenties and as a congressman had supported most of the New Deal. The administration's opposition to the 1936 Frazier-Lemke bill soured Lemke on the New Deal and he joined the Townsend-Smith-Coughlin group. His bill called for the refinancing of farm mortgages through the issuance of $8 billion worth of greenbacks by the federal government.[46]

The national party conventions of 1936 nominated their candidates by acclamation and in one other important respect resembled each other. Frederick Lewis Allen exaggerates the situation somewhat when he compares the platforms of the two parties as resembling Tweedledum and Tweedledee.[47] But it is true that the Republican party did not specifically call for repeal of any New Deal legislation except in the area of tax revision. Other differences were the Republican emphasis upon fiscal conservatism and the implementation of New Deal-type programs by the states rather than the federal government.[48] The Democrats

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[45] David Hinshaw, A Man from Kansas (New York: G. P. Putnam's Sons, 1945; William Allen White, What It's All About (New York: The Macmillan Co., 1936).

[46] Rauch, pp. 240-243; Donald R. McCoy, Angry Voices: Left-of-Center Politics in the New Era (Lawrence, Kan.: Kansas University Press, 1958), pp. 138-150.

[47] Allen, Since Yesterday, p. 190.

[48] Schlesinger, The Politics, pp. 542-543; Rauch, pp. 238-240; Porter and Johnson, pp. 360-363, 365-370.

also included a plank calling for a "clarifying amendment" to the Constitution if necessary--that is to say, a device which might be employed to limit the Supreme Court and to prevent that august body from invalidating the heart of the New Deal. With reference to the Republican convention, Schlesinger points out that "there remained a vast gap between the mood of the platform and the mood of the convention. . . . On Wednesday night when Herbert Hoover made his way to the rostrum the underlying desperation found its voice."[49]

At the Democratic convention Roosevelt set the tone of the campaign by his attack on "the economic royalists" and he recognized the more profound implication that to a considerable extent the future of free society everywhere rested on the success or failure of the American attempt to make industrial society liberal. This feeling was expressed in the ringing phrase that "this generation of Americans has a rendezvous with destiny."[50]

The Union Party simply announced its ticket of Lemke and Thomas C. O'Brien without the ceremony of a convention and offered a platform which was essentially a condensation of Father Coughlin's sixteen principles of the National Union for Social Justice. The Father's plank calling for nationalization was deleted and the Lemke farm proposal was added. The main concern of the party platform continued to be with monetary policy and with inflation as a central theme.[51]

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[49]Schlesinger, The Politics, pp. 543-544.

[50]Rosenman, pp. 106-107.

[51]Schlesinger, The Politics, pp. 25-26, 556; McCoy, pp. 138-150; Porter and Johnson, p. 375.

The Presidential campaign of 1936 was unique both because of the intense bitterness which it generated and also because it was so one-sided. One writer states that "not since 1896, certainly, had public feeling run so high over an election."[52] Since 1934 the big business community had developed a strong antipathy to FDR. Particularly was this true of the banking fraternity who had contributed substantially to the Democratic campaign in 1932 but who later joined the opposition and made lavish contributions to its cause. The businessmen collaborated with several disaffected Democratic politicians, including Al Smith, John W. Davis, John J. Raskob, to form an organization known as the American Liberty League.

George Wolfskill observed:

> The relation between the Republican party and the Liberty League was a strange one indeed, with some of the characteristics of an illicit love affair. The League supported the Republican ticket in every way short of an open endorsement; the Republican party accepted that support; yet both sides vehemently denied it.[53]

With reference to the influence of the League upon the Republican campaign it was considerable both in terms of financial contributions as well as that of speech-making by prominent League leaders, particularly Al Smith.[54] This development highlights the divergence between the two major parties at this time.

Regarding the regular Republican organization it suffered even in the beginning from a conflicting orientation between candidate Landon

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[52] Allen, Since Yesterday, p. 196.

[53] Wolfskill, p. 199.

[54] Ibid., pp. 205-209.

and the Old Guard leaders. At the end of the August campaign Time commented:

> The Republican gospel of salvation being preached by Alf Landon on one hand and that being preached by John Hamilton and Frank Knox on the other seemed about as dissonant and confusing to voters as the competing Christianities of a Boston Unitarian and a hard shell Southern Baptist would be to Hottentot Bushmen.[55]

But in September Landon's stance became more aggressive and instead of the previous moderate attitude toward the New Deal he now presented it in terms of threatening the life of the Republic. He attacked the social security and reciprocal trade programs and out-promised the AAA benefits to the farmers while at the same time urging economy. In the last stage of the campaign Landon began to lose his grip and the Hoover mood of hysterical certitude and Red Smear took over.[56] Basil Rauch stated flatly that "during the last weeks Herbert Hoover and Alfred E. Smith overshadowed the official candidate."[57] The final gimmick was the pay envelope message to the workers (utilized by management) gravely warning them of pay reductions due to social security.

In launching the Democratic campaign Roosevelt established two cardinal rules: never attack Republicans as such but rather direct criticism at the principles or actions of their leaders; never mention the opponent by name. Tugwell observed: "Franklin never acknowledged that he was running against a new man. Landon's name was never mentioned. The spectre of Hoover was often raised--not by name, because that was not necessary, but by implication."[58] The strategy of FDR was

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[55] Time, September 21, 1936, p. 15.

[56] Schlesinger, The Politics, pp. 616-620. [57] Rauch, p. 260.

[58] Rexford G. Tugwell, The Democratic Roosevelt (Garden City, N. Y.: Doubleday & Co., Inc., 1957), p. 428. Also see Rosenman, pp. 128-129.

to conduct a coalition campaign rather than one constructed exclusively around the party organization. It was a campaign which saw the Democratic candidate endorse Senator Norris (as an independent), the Farmer-Labor party in Minnesota, the Progressives in Wisconsin and which also featured Roosevelt's refusal to endorse Democratic candidate Curley of Massachusetts. The issue, not surprisingly, was the record of the New Deal and more particularly that of the Second New Deal.

The Democrats were greatly assisted by several auxiliary organizations. John L. Lewis and Sidney Hillman formed the Labor Non-Partisan League and in New York the League created a new party, the American Labor Party, in order to secure support for Roosevelt and Herbert Lehman from people reluctant to vote for them on the Democratic ticket. In order to attract middle-class liberals and independents, the Progressive National Committee was organized by Hugo Black, Tom Amlie, and others. To appeal to liberal-minded people who were not politically conscious the Good Neighbor League was formed with George Peabody and Frank Graham among its leaders. The Women's Division of the Democratic Party was ably handled by Molly Dewson. For the first time in American history the Democratic party had the support of the Negro press and many Negro leaders, including J. E. Spingarn, president of the National Association for the Advancement of Colored People.[59] The existence of this liberal coalition further points up the marked difference between the Democrats and the Republicans.

Roosevelt actually instituted the campaign with a "non-political" tour through the western states to study the problems created by the

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[59] Schlesinger, The Politics, pp. 592-600; Carman and Syrett, pp. 515-516.

drought. Several conferences were held with the governors of these states and even a notable one in Des Moines to which Governor Landon was invited as one of the participants. The confrontation between the two candidates was pleasant and Landon recognized the fact that Roosevelt was not deliberately attempting to embarrass him. But, "it was also, in the view of leading Republicans, a poor way to run a presidential campaign against a highly popular incumbent."[60] In looking back upon the campaign Tugwell considered that the Democrats had won the election by the end of this western tour.[61] The President formally opened his campaign on September 29, in which he replied to the charge that the New Deal was linked with communism. This was called a false issue--"a red herring." It was pointed out that

> the Democratic party agreed with the Republican party in its attitude towards communism; they differed in what they did about it. The Republican solution was neglect and evasion of the conditions which bred unrest. The Democratic solution was removal of those conditions through reforms.[62]

Samuel Roserman, one of the leading members of the Brain Trust, considered the Chicago speech to be one of the most effective that Roosevelt delivered during the campaign. "Conscious of the growing attacks upon him and the New Deal by business, he showed what the New Deal had done for business--but note that he did it not by dry statistics but in terms of human beings."[63] In the last address of the campaign in Madison Square Garden, Roosevelt stated that his administration would continue to seek to maintain and extend the social and economic

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[60]Schlesinger, The Politics, pp. 609-610.

[61]Tugwell, The Democratic Roosevelt, p. 421.

[62]Rauch, p. 250. [63]Roserman, p. 130.

objectives of his first term. But the most dramatic part of the speech was his answer to the antagonism of big business.

> Never before in all our history have these forces been so united against one candidate as they stand today. They are unanimous in their hate for me--and I welcome their hatred. I should like to have it said of my first administration that in it the forces of selfishness and of lust for power met their match. I should like to have it said of my second administration that in it these forces met their master.[64]

The campaign of the Union party was characterized by disunity among the leaders. Townsend played no role at all; Gerald K. Smith was disowned by the other leaders; Coughlin practically ignored candidate Lemke and resorted to a hate campaign against Roosevelt for which he was censured by the Catholic hierarchy; and Lemke confined his campaign to a plea for inflation and farm relief measures without concentrating his fire on the President. Lemke was ineffectual as a candidate and the prima donnas associated with his campaign helped matters little if at all.[65]

Perhaps the 1934 congressional elections were a portent of the future, for the Democratic party at this time had completely upset tradition by having the first Administration since the Civil War to gain strength in the mid-term elections. The 1936 election resulted in an even greater landslide than that of 1932. Roosevelt carried 46 states with 27.5 million popular votes and 523 electoral votes as compared to Landon's 2 states with 16.7 million popular votes and 8 electoral votes. Lemke did not win a single state and received only 890,000 popular

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[64] Rauch, pp. 255-256.

[65] Schlesinger, The Politics, pp. 626-630; McCoy, pp. 146-152.

votes.[66] "Following the general elections of 1936 Republican voices in the Congress were reduced to 17 in the Senate and 89 in the House, the lowest in the party's history."[67] In interpreting this overwhelming victory Frederick Lewis Allen makes two points:

> One was that the New Deal was a vast dispenser of pecuniary aid to individuals, chiefly in the form of relief. . . . The other reason was that although Roosevelt was bitterly hated by most of the well-to-do, he was genuinely admired and trusted by most of the poorer people of the country.[68]

In the opinion of this writer an analysis of the candidates, platforms, campaigns, and voting in the elections of 1932 and 1936 demonstrates the absence of a Lockian consensus because of the following:

1. An enormous protest vote in 1932 against the Hoover Administration and the philosophy which it represented together with an overwhelming endorsement in 1936 of the New Deal with its sharp departure from the Lockian tradition.

2. In spite of certain similarities between the two parties clear-cut meaningful differences in the character and image of the Democrats and Republicans existed in both elections. In 1932 Hoover stood upon his record and in spite of the Democratic support of economy in government Roosevelt presented in general an image of change and experimentation. Specifically, FDR endorsed direct relief programs, public power, federal government regulation of business, a voluntary allotment plan in agriculture and relief of farm mortgages, unemployment insurance, conservation, and extensive public works

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[66] Bureau of the Census, Historical Statistics, p. 682.

[67] Moos, p. 392.

[68] Allen, Since Yesterday, pp. 196-197.

programs. In 1936 the Republicans continued to be identified with the ghost of Hoover which signified a policy of assisting the wealthy while permitting the poor to assist themselves. Of course, Roosevelt was deliberately associated with his record--a record which included a measure of government ownership (TVA, RFC), government planning (NRA, AAA, NRC), a large list of regulatory measures which affected many areas of the economy, a reciprocal trade program, heavy taxes on the wealthy, allotment, conservation, mortgage, and loan programs for the farmers, large-scale relief and public-works programs as well as the NLRA and the Social Security Act for labor. Thus, one finds a distinct pattern of divergence between the two large parties.

3. The vote of the minor parties in a time of great ferment was insignificant in both elections--a fact which leads to the conclusion that the Democrats absorbed nearly all of the votes of the discontented.

An Analysis of the Vote Breakdown According to Groups and Classes in the Presidential Elections of 1932 and 1936

In testing the validity of the Hartz thesis concerning the monolithic Lockian tradition one might pose the question as to whether the existence of political pluralism is not reflected to some extent by the composition of the vote within the two major parties in the various elections. An examination of the correlation between The Literary Digest polls of the presidential elections of 1920, 1924, 1928, 1932, and 1936 and the actual results should prove fruitful in answering this question. First, it should be stated that the technique employed by The Literary Digest was to sample almost exclusively names which were

taken from automobile license lists and telephone directories. In effect, this resulted in a sample of only the prosperous and upper income groups. The Digest poll proved remarkably successful until the 1936 election.

The first poll conducted during the 1920 election which covered only six pivotal states showed Harding to be leading by at least a 2 to 1 margin in each state over the Democrats and minor candidates combined. The election results gave Harding a 2 to 1 margin in four states but somewhat less in Indiana and Ohio.[69] The Digest conducted its first national poll during the 1924 election and forecast a victory for Coolidge with 379 electoral votes as compared with 139 for Davis and the state of Wisconsin for LaFollette. The election results were almost the same with Coolidge receiving 382 electoral votes, Davis 136 and LaFollette the vote of Wisconsin. In fact, the Digest poll correctly predicted the result in all but 2 states (Oklahoma and Kentucky).[70]

The forecast for the 1928 Presidential election was almost as spectacularly successful as that of the 1924 poll. In 1928 the Digest poll gave Hoover 465 electoral votes as compared with 66 for Smith. The actual election results showed that Hoover received 444 electoral votes and Smith 87. The poll incorrectly predicted that Hoover would win in Arkansas and Alabama but this mistake was only a minor blemish on a generally outstanding record of prophesying.[71] In these three elections the sentiment in the form of an overwhelming endorsement of

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[69] The Literary Digest, October 23, 1920, p. 14.

[70] Ibid., November 22, 1924, pp. 12-13.

[71] Ibid., November 3, 1928, p. 6; November 17, 1928, pp. 6-9.

the Republican party and the Lockian tradition by the prosperous and upper classes (who owned telephones and/or automobiles) would appear to represent the feeling of the general public in view of the close correlation between the Digest polls and the actual results. So one may safely conclude that this fact provides evidence in support of the Hartz thesis as applied to the 1920's.

In the 1932 election the close correlation between The Literary Digest forecast and the actual election results continued. The latter disclosed that Roosevelt carried 42 states with 472 electoral votes to Hoover's 6 states with 59 electoral votes. The Digest poll was mistaken only in Pennsylvania and Delaware in correctly foreseeing the political upheaval by awarding Roosevelt 474 electoral votes to Hoover's 57.[72]

Harold Gosnell comments:

> Undoubtedly Roosevelt received his most assorted support in 1932. It may be inferred that the Roosevelt vote was not as highly stratified from the economic viewpoint in 1932 as it was in later years. . . . If the Roosevelt constituency had been highly stratified in 1932 the Literary Digest poll would not have been as good as it was.[73]

Thus, one is forced to conclude that the sentiment (in the form of overwhelming opposition to the Republican party and the Lockian tradition with which it was identified) of the prosperous and upper classes likewise represented the feeling of the general public. In other words, general dissatisfaction among all classes was indicated.

It was in the 1936 election when The Literary Digest, still utilizing the same sampling techniques, met disaster. Various other

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[72] Ibid., October 29, 1932, pp. 9-10.

[73] Harold F. Gosnell, Champion Campaigner: Franklin D. Roosevelt (New York: The Macmillan Co., 1952), pp. 132-133.

polls predicted a Roosevelt victory of some proportions and Jim Farley, FDR's campaign manager, contended that the Democrats would lose only the states of Maine and Vermont. Whether this statement was based on wisdom or optimism it proved to be the correct diagnosis. The Literary Digest predicted that Landon would be an easy victor gaining 32 states with 370 electoral votes against 16 states with 161 electoral votes for Roosevelt.[74] As it turned out Landon won only the 2 New England states with 8 electoral votes. Gosnell concludes that

> it is likely that class lines were more sharply drawn in this than in preceding elections. The upper income groups supported Landon whereas the labor groups, the have-nots, the underprivileged, those on relief, the farmers without telephones, and those without motor cars supported Roosevelt.[75]

Thus, it must be concluded that in the 1936 election the sentiment (in the form of substantial opposition to the Democratic Administration and its departures from Locke) of the prosperous and upper classes was completely out of harmony with the feeling of the general public. In conclusion, one may state that the election of 1936 represented a powerful mandate for policies not in accord with the Lockian tradition and that this election also reflected a clear-cut stratification based on ideology within the two major political parties. Samuel Lubell offers the following opinion regarding this development: "In drawing the line of cleavage between worker and economic royalist, Roosevelt unquestionably sharpened the sense of class division in American society. Yet, in doing so, he subordinated the old nativistic prejudices of race and religion, which had divided the lower half of American society for so

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[74] The Literary Digest, October 31, 1936, pp. 5-6.

[75] Harold F. Gosnell, "How Accurate Were the Polls?", Public Opinion Quarterly, January, 1937, p. 103.

long, bringing these lower income elements a greater degree of social unity than they had ever shared before."[76]

An Analysis of the Significance of Protest Movements in the United States during the Mid-Thirties

Another indication of the political pluralism of this period was the strength and diversity of protest movements in America. To attempt to measure their influence by the results of the 1936 elections would be a gross distortion. The power of these movements, of course, varied and was uneven during the middle years of the decade but separate or combined it was much greater than the paltry vote for the minor parties in the presidential election. And let us not forget that the most powerful political figure outside the two-party framework--namely, Huey Long--was eliminated from the scene in September, 1935, by the revolver of an assassin.

Although the discontent was a real problem Roosevelt succeeded in preventing these currents from developing into a serious threat before 1935. It was during this period in which a vacuum of leadership existed that the forces of unrest began to assume major proportions. In analyzing these expressions of upheaval Schlesinger distinguishes between the demagogues (Huey Long, Father Coughlin, Doc Townsend, Gerald L. K. Smith, the Fascists) and the radicals (Farmer-Labor, Progressives, Upton Sinclair, LaGuardia, Socialists, Communists).

The two categories differed in the intellectual quality of their argument--the demagogues hawking patent medicine while the radicals made

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[76]Samuel Lubell, The Future of American Politics, (2 ed. rev.; Garden City, N. Y.: Doubleday & Co., Inc., 1956), pp. 53-54.

a serious attempt to think through the social and economic problems. Another difference was in the character of the supporters of the radicals and the demagogues. The former found their following among the new immigrant lower classes excited by the hope of social, economic, and political advance whereas the demagogues found theirs among the old native Americans demoralized by the depression. The radicals felt a broad kinship with the New Deal whereas the demagogues were basically oriented against the Administration.[77]

The most likely candidate of the demagogues to come to power on the national level was Huey Long. Frederick Lewis Allen is probably generous in his portrait of the Kingfish:

> Blatant, profane, witty, unscrupulous, violent; possessed of the demagogue's habit of promising the impossible together with the statesman's ability to provide good roads, better schools, free schoolbooks, and a generally better standard of living among the poor, both black and white, and at the same time to keep the state government solvent--Huey had blustered and bludgeoned his way into a stormy national prominence.[78]

Allen neglects to mention that Long established in Louisiana a ruthless dictatorship rife with corruption.[79]

Although Huey Long was an early supporter of Roosevelt and in fact played a leading role in FDR's nomination in 1932 the alliance had a short life. In 1933 Roosevelt decided to deny patronage to Long in Louisiana but the break was inevitable anyway for Huey had Presidential aspirations of his own. In other words, it was just a question of time

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[77]Schlesinger, The Politics, pp. 96-98.

[78]Allen, Since Yesterday, p. 151.

[79]Reinhard H. Luthin, American Demagogues, Twentieth Century (Boston: The Beacon Press, 1954), chap. x; Elmer Irey, The Tax Dodgers (New York: Greenberg, 1948), chap. iv.

before the break was effected. Long offered a quite vague formula known as the Share-the-Wealth program which would soak the rich to benefit the poor. Schlesinger comments: "Share-the-Wealth was, in short, a hill-billy's paradise--$5,000 capital endowment without work, a radio, washing machine, an automobile in every home. It was the Snopeses' dream come true. It had almost no other quality."[80] Lest one doubt the Kingfish's objective he may refer to Long's My First Days in the White House.[81]

It did, however, have the quality of attracting a large number of believers. In 1935 the leader of the Teamsters Union, Dan Tobin, expressed his concern about Long's appeal to his union members. Roosevelt's political lieutenant, Jim Farley, never underestimated Long's ability and in 1935 ordered a secret poll to be conducted on a national scale to measure his strength. The poll indicated the following: Long would be able to attract three million to four million votes for the Presidency in 1936; he had almost as much following in the North and in the industrial centers as he did in the South and the rural areas; in the pivotal state of New York he would command upward of 100,000 votes in a national election. Also, private reports indicated that Long would be financed in a substantial way by a number of very wealthy people who hated Roosevelt.[82]

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[80] Huey P. Long, Every Man A King (New Orleans: National Book Co., 1933); Schlesinger, The Politics, p. 63.

[81] Huey P. Long, My First Days in the White House (Harrisburg: Telegraph Press, 1935).

[82] Farley, pp. 249-250.

In studying Long's political strength Allan Sindler observes that there existed at least one Share-the-Wealth club in every state. "Long claimed a total of 27,431 clubs as of February, 1935, while his staff claimed to possess the names and addresses of over 7,500,000 persons on file."[83] Obviously the great danger to the Democrats was that Long might hold the balance of power in the 1936 election. Senator Ellender in an interview with Sindler stated that if Huey had failed to stop Roosevelt's nomination in 1936 he would have supported a progressive Republican.[84] Huey really did not believe in the title of one of his books, Every Man a King, for in his mind only one crown existed and that would belong to him.

Next to the Louisiana dynamo the most powerful demagogue in America was Father Coughlin. He organized the National Union for Social Justice which was designed to operate as a pressure group rather than as a political party. The Union offered a platform which called for an annual wage, inflation, nationalization of banking, credit and currency, utilities and natural resources.[85] After an earlier amiable relationship with FDR Coughlin attacked the President and by 1936 became shrill in his campaign of vilification against Roosevelt as well as against plutocracy. The Father's anti-Semitism also was real enough though usually more indirect.

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[83] Allan P. Sindler, Huey Long's Louisiana (Baltimore: Johns Hopkins University Press, 1956), p. 85.

[84] Ibid., p. 86.

[85] Charles E. Coughlin, A Series of Lectures on Social Justice (Royal Oak: Radio League, 1935); McCoy, pp. 115-121. Also see Raymond Graham Swing, Forerunners of American Fascism (New York: J. Messner, 1935), chap. ii.

As to his influence the priest received more mail than anyone in America by 1934. His weekly radio program attracted an audience of at least ten million people.

> Next to the Northeast, his main strength lay in the Middle West (though the fact that New York and Massachusetts had four times as many local units of the National Union as Minnesota and Wisconsin suggest that as early as 1935 his support came more from urban lower middle class Catholics than from Protestant farmers in the Populist tradition).[86]

Coughlin was a motive force in the formation of the Union party in 1936 which proved to be an utter failure. In the last stage of this election campaign Coughlin was rebuked by the Catholic hierarchy for the manner in which he attacked the President and this marked the beginning of his eclipse as a national figure on the American political scene.[87]

California probably presented the most promising setting for the formation of violent, extreme, or utopian political movements during the Mid-Thirties. Not only did the state have a large number of the racially oppressed but also a sizeable population of retired elderly people. The lower middle class had hitherto indulged in various fads and cults but now was ripe for political organization. The year 1934 witnessed the San Francisco general strike as well as the bloody farm strikes.

It was within this context that an economic corn doctor,[88] Dr. Francis E. Townsend, came forth with the solution--a proposal which called for all persons over sixty to receive a $200 monthly pension which was to be spent immediately and to be financed by a national sales

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[86] Schlesinger, The Politics, pp. 20, 26.

[87] McCoy, pp. 135, 150-152. [88] Robinson, p. 249.

tax. The revenue provision was soon changed by the addition of a 2 per cent transaction tax instead of a sales tax.[89] Under the supervision of Robert E. Clements clubs were organized and a newspaper, Townsend National Weekly, was published with a circulation of 200,000. The movement spread across the plains states to the Middle West in a prairie-fire rush from California.

Estimates of the number of clubs, members, and supporters vary widely. One commentator believed that the membership was conservatively estimated at three million and that by the end of 1935 the movement had gained at least ten million supporters.[90] In December, 1935 the Townsendites met in a national convention with 12,000 people representing 5,000 clubs. They approved a resolution which endorsed the formation of a third party but Doc Townsend disagreed, contending that the movement should endorse candidates within the two major parties. Later in 1936, of course, he allied with the Union Party.

President Roosevelt was unaware of the importance of the Townsend movement until Dr. Stanley High informed Steve Early, the Presidential secretary, during the summer of 1935 of its power. He reported that many seasoned politicians considered that Townsend held the political balance of power in their Congressional districts.[91] According to Schlesinger the Townsend Plan was not responsible for the initiation of the New Deal social-security policy but it "no doubt speeded the passage of the Social Security bill and assured the inclusion in it of old-age

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[89] Richard L. Neuberger and Kelly Loe, An Army of the Aged (Caldwell, Idaho: Caxton Press, 1936); Francis E. Townsend, New Horizons: An Autobiography (Chicago: J. L. Stewart, 1943).

[90] Allen, Since Yesterday, p. 153. [91] McCoy, pp. 136-137.

insurance."[92] As further evidence of Townsend's influence the Democrats and Republicans in Congress collaborated (because Townsend presented a danger to both parties) in a prejudicial investigation of the Movement which exposed Clements' financial chicanery. Townsend left the hearing, refused to testify further, and was cited for contempt.[93] This performance undoubtedly damaged the movement and tended to drive Townsend into the third party camp.

In contrast to the demagogues the radicals did not achieve large national support but they did provide additional evidence of ferment as well as exert considerable influence within certain groups or particular states. In the case of Upton Sinclair he was already a national figure by virtue of his inflammatory social novels such as The Jungle. In a book called The Way Out, published in 1933, he expressed great dissatisfaction with the established social order and in a pamphlet of the same year he revealed his plans to enter the 1934 gubernatorial election of California.[94]

Sinclair was a romantic, old-fashioned socialist who believed that the states should bring into being self-governing communities organized around the production-for-use system. Candidate Sinclair distributed over 200,000 copies of his pamphlet and defeated George Creel handily in the Democratic primary. His campaign attracted

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[92] Schlesinger, The Politics, pp. 40-41.

[93] U.S., Congress, House, Committee Investigating Old-Age Pension Organizations, Hearings, Old-Age Pension Plans and Organizations, 74th Cong., 2d Sess., 1936.

[94] Upton Sinclair, The Way Out (Pasadena, Cal.: Author, 1933); Upton Sinclair, I, Governor of California and How I Ended Poverty: A True Story of the Future (Los Angeles: Author, 1933).

nation-wide attention and he secured the endorsement of prominent intellectuals as well as, for better or worse, that of Father Coughlin. Sinclair's campaign slogan was End Poverty in California (EPIC). His success in the primary frightened the wealthy groups in California who responded with lavish financial support for a conservative Republican who, nevertheless, was persuaded to approve the Townsend Plan. The Republicans conducted a campaign of vilification and smear and succeeded in defeating Sinclair, who accepted the results philosophically by writing another novel.[95]

In 1935 a group of intellectuals led by Thomas Amlie, Selden Rodman, and Alfred Bingham, with the periodical Common Sense as their organ, took steps toward the formation of a third party with the creation of the American Commonwealth Political Federation (ACPF). This organization rejected the capitalist system and called for national planning and a comprehensive system of cooperatives. The ACPF attempted to attract the Minnesota Farmer-Labor party headed by Governor Olson and the support of the Wisconsin Progressives dominated by the LaFollette brothers. Both Olson and the LaFollettes not only accepted the cooperative idea but had instituted it in their respective states for several years. Russel Nye argues that the ACPF orientation was actually contrary to the traditional Midwestern progressivism as represented by the Farmer-Labor Party and the Wisconsin progressives.[96]

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[95] Upton Sinclair, I, Candidate for Governor and How I Got Licked (Pasadena, Cal.: Author, 1935); Carey McWilliams, "Upton Sinclair and His EPIC," New Republic, August 22, 1934, pp. 39-41; Schlesinger, The Politics, chap. vii.

[96] Russel B. Nye, Midwestern Progressive Politics (East Lansing, Mich.: Michigan State University Press, 1951), pp. 368-370.

McCoy comments:

> By the summer of 1936, ACPF had organized or infiltrated third parties in California, Iowa, Kansas, Michigan, New Hampshire, and South Dakota, and had ties with commonwealth or farmer-labor associations in thirteen other states. Six other states had farm, labor, or Socialist groups working for the political and economic objectives of ACPF.[97]

The ACPF called for a convention to meet in Chicago in May, 1936, for the purpose of nominating a presidential candidate.

However, this objective was quickly sabotaged "when Floyd Olson suddenly instructed Farmer-Laborites to boycott the Chicago convention if it voted to nominate a national ticket in 1936."[98] Olson and certain other progressives and radicals feared the consequences of launching a third party in 1936--that is to say, they were afraid that such an endeavor would result in the defeat of a liberal President and his replacement by a reactionary instrument of the Liberty League.[99] Although the LaFollettes initiated a new party (Progressive) in 1934 it was organized only in Wisconsin with cooperatives and antitrust policies central to their program.

In order to complete this picture of what Schlesinger refers to as "the theology of ferment" attention should be drawn to the fact that the Marxist radicals also exerted a certain influence in America during these years. These radicals had two parties in existence based on European models--the Socialist party and the Communist party. The

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[97] McCoy, p. 95. [98] Ibid., p. 107.

[99] Schlesinger, The Politics, chap. vi, pp. 548-550; McCoy, chap. iv. Also see George H. Mayer, The Political Career of Floyd B. Olson (Minneapolis: Minnesota University Press, 1951).

former was in the tradition of the European Social Democrats of the Second International and was led by Norman Thomas who possessed a significant personal following in the churches and on the campuses. "Where Debs had Americanized Socialism for the working class, Thomas Americanized it for the middle class."[100]

However, even the influence of Thomas among the masses was quite limited as indicated by the fact that he polled only 882,000 votes at the peak of his power in 1932. Shortly thereafter the Socialist party experienced a deep schism, losing most of its members and attracting only 187,000 votes in the presidential election of 1936. The large group of liberal intellectuals as well as old-time Socialist labor leaders Sidney Hillman and David Dubinsky deserted the Thomas camp to support the New Deal.[101]

The other Marxist party, the Communist, possessed a much smaller mass following than the Socialist but it had great influence within the American cultural community, particularly until 1934.

> If, after 1933, the American Communist party had astonishingly little backing from major poets, novelists, critics, scholars, it none the less had a steadily widening influence till the very end of the decade in the lower ranks of the intelligentsia. For the discontented magazine writer, the guilty Hollywood scenarist, the aggrieved university instructor, the underpaid High School teacher, the politically inexperienced scientist, the intelligent clerk, the culturally aspiring dentist--as well as for a diminishing number of genuinely creative people--Marxism as a system of explanation and consolation carried great appeal.[102]

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[100] Schlesinger, The Politics, p. 177.

[101] Norman Thomas, The Choice Before Us (New York: The Macmillan Co., 1934); Shannon, The Socialist Party of America, chap. x; Schlesinger, The Politics, pp. 176-180, 561-563.

[102] Irving Howe and Lewis Coser, The American Communist Party: A Critical History (New York: Frederick A. Praeger, 1962), chap. vii;

In 1934 the Communist party of the United States could claim only 30,000 members but in February, 1935 its leader Earl Browder boasted before a congressional committee

> if you want a gage on the mass following of the Communist party a better gage than party membership would be the membership of organizations which endorse the various proposals of the party, which number about 600,000.[103]

Schlesinger, however, seriously questions this claim:

> Yet on the whole, the Communist leaders exaggerated the importance of the fronts. For most of the non-Communists involved, participation in them was a meaningless experience; for some it was in retrospect only comic. Browder's figure of 600,000 meant, if it meant anything, that several hundred thousand Americans cared so much about joining organizations for peace or youth or culture that they did not scrutinize the credentials of the organizers. It did not mean that 600,000 Americans were under Communist discipline. Americans had always been a nation of joiners.[104]

From this cursory survey of the influence of the various protest movements and parties which operated during the Middle Thirties one may still readily discern a significant degree of political pluralism. The power of these leaders and organizations was reflected in different ways--sometimes by the mass followings exhibited by mail, radio audiences, personal appearances, organization strength, voting, and the countertactics

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Schlesinger, The Politics, p. 165. For a study of the contributions of proletarian writers see Henry Hart, ed., American Writers' Congress (New York: International Publishers, 1935). For an influential economic study written by a pseudonymous Communist see Lewis Corey, The Decline of American Capitalism (New York: Covici, Friede, 1934).

[103] U.S., Congress, House, Labor Committee, Hearings, Unemployment, Old-Age, and Social Insurance, 74th Cong., 1st Sess., 1935, 457.

[104] Schlesinger, The Politics, p. 200. For studies by ex-Communists of the activities of their colleagues during this period see Murray Kempton, Part of Our Time (New York: Simon & Schuster, 1955) and Granville Hicks, Where We Came Out (New York: The Viking Press, Inc., 1954).

of the Roosevelt administration and sometimes by the degree of influence on the intelligentsia (as evidenced by speeches and writings) who in turn were in a position to exert influence on others. In sum, it presents a picture of considerable political diversity which even Mr. Hartz cannot deny except by invoking his nebulous concept of the collective American unconscious in erotic embrace with a monolithic Lockian tradition.

CHAPTER V

THE PERIOD OF DIVERGENCE, 1932-1936

The Test of Ideology As Applied to Administrative Policy and Congressional Voting Behavior

Introduction

It is a well-established fact that during the New Deal period, as contrasted with the Harding and Coolidge era, the President himself was the dominant figure in his Administration. Though surrounded by a number of able and ambitious lieutenants the chief was always in command. Arthur Schlesinger, Jr. quotes from an interview with Henry Morgenthau, Jr. who served as Secretary of the Treasury during most of Roosevelt's tenure: "You could fight with Roosevelt and argue with him up to a certain point--but at no time during his waking hours was he anything else but a ruler."[1]

In his approach to government FDR was pragmatic as to method and flexible as to administration. This, of course, left room for maneuver and for rapid shifts or changes in personnel and organization. As to philosophy Roosevelt was non-doctrinaire, though both his record and speeches disclose a vital idealism which embraced the principles of individual liberty and social justice. This idealism combined with pragmatism permitted FDR to invoke the power of the federal government

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[1]Schlesinger, The Coming, p. 530.

on a massive scale to meet the problems of the depression.[2] In answering the charges of indecision and contradictions regarding Roosevelt's first term Rexford Tugwell argues: "But if the whole change is studied carefully a pattern does emerge. And it can be understood if reference is maintained not to any economic or social theory but to political necessity and to Franklin's larger objectives."[3]

Roosevelt was receptive to new ideas and from the beginning of the 1932 campaign welcomed intellectuals into the fold. In fact, at this time a number of them working together on his speeches and tactics came to be known as the Brain Trust. This group of idea men continued to function throughout the first term of Roosevelt although the personnel changed as the Administration passed from the First New Deal to the Second New Deal.[4] The central theme of the First New Deal was that the economic order was an organism in which large organizations are accepted as inevitable. The leading Brain Trusters--Raymond Moley, Adolf Berle, and Rexford Tugwell--all adhered to the basic proposition, though each gave it his own interpretation. Moley thought of a business-managed economy; Berle thought more of a government-business partnership; Tugwell thought of a government-managed economy.[5]

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[2] Ibid., chap. xxxv. [3] Tugwell, p. 342.

[4] The First New Deal refers to the period 1933-1934 when a large number of emergency measures together with some reform measures were enacted. The most dramatic part of this period was the Hundred Days which refers to the special session of Congress called by President Roosevelt in March, 1933. The Second New Deal designates the period 1935-1936 when far-reaching reform proposals became law and previous statutes were voided by the U.S. Supreme Court.

Schlesinger, The Coming, pp. 181-184.

Even Moley originally accepted a substantial role for government as well as business in this organism. The "organic approach" of the New Deal stands in sharp contrast to the Mellon program of government subsidies to business without government regulation. Under the New Deal private enterprise continued to exist but there was a great deal of government regulation and coordination. Though business influence was exerted under this system which accepted the principle of large organizations the early New Deal represented a marked departure from the Lockian tradition.

The Second New Deal was characterized by two main tenets: Wilson's New Freedom trust-busting and regulation in the interest of a free competitive market economy and a deliberate policy of spending to create mass purchasing power and reduce unemployment. The first principle was sponsored by Justice Brandeis and Professor Felix Frankfurter as well as his disciples Tom Corcoran and Ben Cohen who became key advisers to the President. The second principle has been closely identified with the British economist John Maynard Keynes but the leading New Deal exponent, Marriner Eccles, was completely unfamiliar with Keynes' works. Thus, it would appear Eccles as well as other New Deal thinkers formed their views independently and coincidentally with Keynes.[6]

The "business of America" was certainly more than simply business itself under Roosevelt. In the beginning he did not indicate a hostile attitude toward the business community but neither did he regard business and the government as equal units. "Government by the necessity

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[6]Marriner Eccles, Beckoning Frontiers (New York: Alfred A. Knopf, 1951), pp. 131-132. Also see Schlesinger, The Politics, chap. xiii.

of things must be the leader, must be the judge of all conflicting groups in the community."[7] Basil Rauch, however, points out that

> By 1936, the Administration had virtually abandoned its initial program of carrying out plans which were formulated by all three of the major interest groups in the nation, business, farmers, and labor, and of making each of these groups the direct beneficiary of government action to help it improve its status. Business had in effect been dropped from the coalition. It was expected henceforth to benefit from government action only indirectly as a result of a vast expansion of government action directly beneficial to labor and farmers.[8]

There is divided opinion as to the role of Congress under the New Deal but one fact is quite clear--most of the significant legislation originated in the executive branch. With reference to the Hundred Days Frederick Lewis Allen writes: "Congress, usually divided and intractable, became almost as unanimous and enthusiastic as a cheering section--because public opinion told them to."[9] If true, this attitude was not sustained after the emergency became less acute. Schlesinger rejects the "rubber-stamp" label while calling attention to the number of important measures, such as the Wagner Act, which originated in Congress.[10] As a final point it should be stated that in some statutes--notably the National Industrial Recovery Act (NIRA)--Congress granted the President quite broad discretionary powers.

E. P. Herring describes the relation of the President to the regulatory commissions as follows:

> And the reach of the President did not falter before the independent commissions. The problems of these bodies were regarded as presidential responsibilities as well. The tasks of the

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[7]Schlesinger, The Coming, p. 500. [8]Rauch, p. 225.

[9]Allen, Since Yesterday, p. 87.

[10]Schlesinger, The Coming, pp. 554-555.

> Federal Trade Commission, the Tariff Commission, or the Interstate Commerce Commission could not be separated from the rehabilitation of trade and industry. . . . The judicial calm of the Interstate Commerce Commission was left undisturbed, but the most able and aggressive commissioner was created federal coordinator of transportation. The Tariff Commission was reduced to a harmless position through the passage of the reciprocal tariff act. The Radio Commission was abolished outright and a New Deal commission took its place. The President secured the resignation of Hoover's Chairman of the Power Commission and added two appointees of his own. Only in the case of the Federal Trade Commission did he meet opposition; and when William E. Humphrey demurred, the President demanded his withdrawal in no uncertain terms.[11]

To put it bluntly, Roosevelt intended that these commissions regulate in the public interest rather than merely to serve the special interests of business and industry. This policy, of course, moved away from the Lockian principle and toward the creation of the welfare state.

At this point the writer attempts to examine the decisions and actions of the Administration as well as Congress on specific issues organized within the framework of the six categories which was earlier applied to the period of convergence. The first of these to be considered is that of federal government ownership.

Federal Government Ownership

Except for a few enterprises such as the postal system, the Panama Canal, the Alaska Railroad, the Inland Waterways Corporation, Federal Land Banks, and Federal Intermediate Credit Banks the peacetime history of the United States reveals an absence of public ownership by the national government before 1933. During the last year of

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[11] E. P. Herring, "Politics, Personalities, and the Federal Trade Commission," American Political Science Review, XXIX (February, 1935), 32-33. Also see Robert E. Cushman, The Independent Regulatory Commissions (New York: Oxford University Press, 1941). It might be noted that Humphrey was restored to his position by a Supreme Court decision on "Black Monday" in 1935.

the Hoover Administration when the depression became so acute the Reconstruction Finance Corporation (RFC) and the Federal Home Loan Banks were created. However, the impact of these measures both on the American economy and the American mentality was negligible at this time.

But during the first term of Franklin Roosevelt this trend was decidedly reversed though mainly confined to two areas--public power and public finance. Public ownership under the New Deal made a great imprint on American society and, of course, represented the very antithesis of John Locke. One astute observer of the period in arguing for the necessity of public ownership referred to the experience of Scandinavia and concluded that "democracy and capitalism are distinguishable concepts."[12]

Public power.-- Public power was effectively advertised by George Norris for a decade but his Muscle Shoals project had hitherto been defeated by action of either Congress or the President. But in 1933 Roosevelt and Norris collaborated in the origination of a porposal that was far bolder than the Muscle Shoals bill. The President's address to Congress suggested a multi-purpose approach to the development of an entire region--the Tennessee Valley. This plan would include not only power development and production of fertilizer, but also flood control, soil conservation, reforestation, diversification of industry and retirement of marginal farm land. To carry out this conception Roosevelt

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[12]Ernest K. Lindley, Half Way With Roosevelt (rev. ed.; New York: The Viking Press, 1937), p. 33. Hereafter, the title will be referred to as Half Way.

called for unified direction by a government corporation to be known as the Tennessee Valley Authority (TVA).[13]

In the hearings before the House Military Affairs Committee the leader of the utility executives, Wendell Willkie, argued against the building of government transmission lines while accepting the idea of the government producing cheap power to be sold to private utilities at the bus bar. The Republicans in the House identified the TVA proposal with communism and developed sufficient opposition to modify the original bill. However, the Senate under the aggressive leadership of Senator Norris and Senator McKellar deleted the limiting provisions of the House bill. With President Roosevelt's intervention the House accepted the Senate version and the Tennessee Valley Authority Act became law on May 18, 1933.[14]

The TVA bill passed the Senate by a vote of 63 to 20 with 48 Democrats, 14 Republicans, and 1 Farmer-Laborite recorded in favor and 3 Democrats combined with 20 Republicans in opposition. The House adopted the conference report by a vote of 259 to 112 with 245 Democrats, 11 Republicans, and 3 Farmer-Laborites supporting the measure as against 28 Democrats and 84 Republicans.[15] This vote indicates greater

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[13]Schlesinger, The Coming, pp. 323-324. Also see Alfred Lief, Democracy's Norris (New York: Stackpole Sons, 1939); David Lilienthal, TVA (New York: Harper & Brothers, 1944).

[14]Lief, pp. 415-420. Also see Judson King, The Conservation Fight (Washington, D.C.: Public Affairs Press, 1959), chap. xxiii; S. K. Bailey and Howard Samuel, Congress At Work (New York: Henry Holt, 1952), chap. ix; U.S., Congress, House, Military Affairs Committee, Hearings, Muscle Shoals, 73d Cong., 1st Sess., 1933.

[15]King, chap. xxiii; E. P. Herring, "First Session of the Seventy-third Congress," American Political Science Review, XXVIII (February, 1934), 65-83. For a comparison of the voting patterns of each period according to the same type of issues, see the table at the conclusion of chap. vi of this dissertation.

bipolarity as between the parties than is true of the votes on public power during the decade preceding the election of 1932. The earlier votes indicated a substantial degree of convergence between the parties.

Another form of public ownership, the Rural Electrification Administration (REA) greatly transformed the quality of rural life throughout the country. The REA was first established in May, 1935 by executive order and in May, 1936 was institutionalized as an independent agency and somewhat modified by Congressional statute. The provisions stipulated that farm cooperatives might be established to construct generating plants as well as the necessary transmission lines and distributing systems to deliver electricity directly to farm homes. Although the REA did not forbid loans to private utilities the principle of preference for nonprofit agencies in REA loans was clearly established in the law and strongly endorsed by its administrator, Morris Cooke.[16]

Though the utilities corporations had in the past failed to provide service to the rural areas because of the supposedly low profits entailed they were fierce combatants of REA in Congress as well as in the administration of this program. The REA bill was deadlocked in conference committee for weeks and it was only because of the dogged persistence of Senator Norris and Representative Rankin that the impasse was broken and the bill became law. Norris threatened to make REA a campaign issue in that election year of 1936 unless the bill was approved.[17] His wish was fulfilled in May toward the close of the session.

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[16]Kenneth E. Trombley, The Life and Times of a Happy Liberal: A Biography of Morris Llewellyn Cooke (New York: Harper & Brothers, 1954), chap. x. Also see Philip Selznick, TVA and the Grass Roots (Berkeley: California University Press, 1949); Norris, chap. xxx.

[17]Norris, pp. 316-317.

The Roosevelt Administration also initiated several other hydroelectric experiments in public power which utilized the multipurpose approach. The Army Corps of Engineers built as well as operated Boonville Dam on the Columbia and Fort Peek Dam on the Missouri. The Bureau of Reclamation built and operated others in the western states--notably the huge Grand Coulee on the Columbia and the Boulder (renamed Hoover) on the Colorado. The last project was initiated by Hoover and continued by Roosevelt until completion. These various projects were pushed vigorously by the New Deal and funds were provided either by the Public Works Administration (PWA) or by Congressional appropriations. None of them were completed during the first term of FDR but great progress was made and the principles of public power and cheap electricity became more firmly implanted in American society.[18]

Public finance.-- In the American mind banking had traditionally been associated with private enterprise but the New Deal quite radically altered this conception.

> Through the revision of the powers of the RFC (Reconstruction Finance Corporation), the establishment of the Farm Credit Administration and the Federal Home Owners Loan Act, the government of the United States was being made the greatest investment and mortgage banker in the world.[19]

The RFC greatly overshadowed the other two agencies in power and importance--a fact to a considerable degree attributable to the vigorous initiative of Jesse Jones. He was the chairman of the board of directors of the RFC and the other members merely ratified his decisions.

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[18] Louis B. Wehle, Hidden Threads of History (New York: The Macmillan Co., 1953), chap. xvii; Schlesinger, The Politics, pp. 376-379.

[19] Raymond Moley, After Seven Years (New York: Harper & Brothers, 1939), p. 193.

This agency, which was created in 1932 at the suggestion of President Hoover, operated cautiously under the Republicans and did not even spend all of its appropriations. "Under Jones' leadership, the operation envisaged by Hoover and Mills, strictly limited to bailing out financial institutions, had grown into a powerful instrument of state capitalism."[20] On the first day of the emergency session of Congress in 1933 a law was enacted which permitted the RFC to invest in the preferred stock or capital notes of banks. This filled the critical need for capital which these institutions experienced at this time.

The original RFC Act was further amended in June, 1934 to permit the RFC to make loans to business and industry. One consequence was to greatly enlarge the scope of this government agency. However, the RFC never did go as far as Adolf Berle suggested--that is, to influence capital allocation, dividend rates, personnel, and salaries of the corporations making loans. The RFC operated with a revolving fund which permitted some measure of independence from budgetary control and Congressional appropriations. It is credited by some with saving both the banking (private) system as well as the railroads.[21]

RFC became not only a sort of personnel office from which brilliant talent was recruited for the various government departments and agencies but also an organizational empire which encompassed many

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[20] Schlesinger, The Coming, p. 431. Also see Jesse H. Jones, Fifty Billion Dollars (New York: The Macmillan Co., 1951).

[21] Bascom N. Timmons, Jesse H. Jones (New York: Henry Holt, 1956), chaps. xviii, xix. Also see Schlesinger, The Coming, p. 430.

subsidiaries. The latter were created by executive order and carried RFC authority into diverse fields.

> The Commodity Credit Corporation, backing up the Agricultural Adjustment Administration (AAA), supported prices for agricultural commodities through its loan and storage facilities. The Electric Home and Farm Authority, backing up the Rural Electrification Administration, financed the purchase of electrical appliances, especially on the countryside. The RFC Mortgage Company . . . , backing up the Federal Housing Administration, created in effect a new market for first mortgages. The Export-Import Bank sought through its loan policy to stimulate the Export Trade.[22]

In evaluating the first two years of RFC operations Ernest Lindley notes that "between March 4, 1933 and December 31, 1935, the RFC lent and invested more than 3.6 billion dollars, apart from 594 millions in loans on cotton, corn, tobacco, and other farm commodities."[23] Another important government financial institution was the Home Owners Loan Corporation (HOLC) which was designed to refinance mortgages for distressed small owners with provisions for a long term and low interest rates. By June, 1936 when its operations ceased the HOLC had refinanced one million mortgages for a total of 3.1 billion dollars and prevented the collapse of the real estate market.[24]

The other significant federal banking instrument, the Farm Credit Administration (FCA), was created by executive order (soon given statutory basis) for the purpose of reorganizing the various federal farm-credit agencies under a single agency. The FCA refinanced farm

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[22]Schlesinger, The Coming, p. 430; Timmons, chap. xx; Jones, chaps. vi, viii, xv, xviii.

[23]Lindley, Half Way, p. 101

[24]C. L. Harriss, History and Policies of the Home Owners' Loan Corporation (New York: National Bureau of Economic Research, 1951). The HOLC was organized under the provision of the Home Owners Loan Act of 1933.

mortgages and lowered interest rates. In the first year of its life FCA approved over 540,000 loans aggregating over 1.3 billion dollars and the crisis in farm credit had passed.[25] The character and size of these various undertakings in public ownership were welcomed by Congress and the American people. These measures not only challenged the private enterprise ethos of Locke, but also its American Hamiltonian modification in providing direct assistance by the federal government to large numbers of people rather than merely to a select few.

Federal Government Planning

Planning was not entirely a new phenomenon in American history but prior to the New Deal it was confined mostly to wartime experience or to private undertakings. The War Industries Board of 1917-1919 provided a valuable precedent in the area of industrial planning. The trade association movement of the Twenties represented a sort of planning by the business community. Not only did Herbert Hoover encourage this movement but also initiated a series of comprehensive studies of American society which might well be described as research planning.[26]

For many years Franklin Roosevelt had deplored the waste of natural resources in America and was oriented toward the planning concept. Once in office he did not hesitate to institute planning projects

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[25] John Morton Blum, From the Morgenthau Diaries (Boston: Houghton Mifflin Co., 1959), pp. 42-50.

[26] The term research planning refers to the procedure of gathering and analyzing facts as well as the possible formulation of a set of recommendations. This is to be distinguished from administrative planning which refers to the actual implementation of programs within the framework of a particular plan. Administrative planning may involve only one area of the economy (such as industry) or the whole economy. The latter would be referred to as general economic planning.

of both the advisory and administrative nature. Public Works Administrator Ickes appointed in July, 1933 the National Planning Board (NPB) consisting of Frederick A. Delano, Wesley C. Mitchell, and Charles E. Merriam. Its two principal tasks were the long-time planning of public works and the preparation of a plan for national planning. In its report of July 1, 1934 the NPB recommended a more permanent planning agency and the President quickly responded with an executive order creating the National Resources Board (NRB) for consideration both of natural and human resources.[27]

The NPB report also contained a remarkable statement of philosophy regarding its function:

> Planning is not mechanical and organizational alone, but must rest within a set of general understandings, on values to which the nation is devoted. . . . Democracy assumes that the gains of civilization are essentially mass gains, and should be enjoyed by the people who created them, rather than by special classes or persons.[28]

The National Resources Board, with Ickes as nominal chairman, remained under the control of the Delano group who selected its technical staff and directed its programs.

In 1935 the NRB was once again reorganized into the National Resources Committee (NRC) which continued to launch many studies of American society during the next several years. A consideration of the impact of the NRB and NRC must include the following: the fact of coordination with other planning groups, including the state planning

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[27]Charles E. Merriam, "Planning Agencies in America," American Political Science Review, XXIX (April, 1935), 199-200.

[28]National Planning Boards, Final Report, 1933-1934 (Washington, D.C.: Government Printing Office, 1934), pp. 33-34.

boards, the Mississippi Valley Committee and particularly the National Power Policy Committee which formulated broad criteria for systems of government power distribution; the fact that they greatly stimulated the municipal planning movement; the fact that they emphasized regional planning by encouraging the state planning boards to be grouped into eleven planning districts in an effort to meet interstate problems.[29]

In 1939 the NRC was succeeded by the National Resources Planning Board (NRPB) which continued as any important advisory agency until its termination by Congress in 1943. The NRPB conducted numerous studies of both a functional and regional character and was responsible for presenting an overall picture of the relation of national resources to the national economy. Since 1946 the Council of Economic Advisors (CEA) has served as the principal planning agency of the federal government. It emphasizes studies of the economy and owes a great debt to the impetus of the planning movement of the New Deal period.

The New Deal did not, of course, at any time attempt to invoke a system of general planning. However, one of its brilliant economists who was a member of the NRC, Gardiner Means, did offer in 1935 a pamphlet which called for general planning and enjoyed wide influence and criticism. Means was vague as to the new institutional framework which would be required but he was positive that the existing capitalist system was defective because of the profit motive. Instead of an administered economy by industry in the private interest a managed economy

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[29] James E. Pate, "Federal-State Relations in Planning," Social Forces, XV (December, 1936), 190-192. Also see Merriam, American Political Science Review, pp. 205-211; Schlesinger, The Coming, pp. 350-352 and Schlesinger, The Politics, p. 378.

by the federal government in the public interest would be substituted.[30]

But the New Deal did introduce two bold comprehensive experiments in administrative planning for the purpose of directing the course of agriculture (Agricultural Adjustment Administration--AAA) and of industry (National Recovery Administration--NRA). On a less ambitious scale planning of a single industry was instituted in 1935 with the passage of the Guffey-Snyder Coal Act and the creation of the National Bituminous Coal Commission.

One of the authors of NRA, Raymond Moley, writes that the source of the philosophy underlying this experiment was Van Hise's Concentration and Control. This doctrine assumed that economic bigness was here to stay and that it was the duty of government and business to devise the means of adjustment which would enable the whole people to enjoy the benefits of mass production.[31] In harmony with this thesis was the emphasis on balance among the various forces of production, distribution, transportation. General Hugh Johnson, the Administrator of the program, stresses this point: "I think that the essence of the New Deal is to point toward the balance. I think that the essence of what preceded the New Deal was to point away from that balance."[32]

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[30] Means' study was printed as Industrial Prices and Their Relative Inflexibility and was released as Senate Document No. 13, 74th Cong., 1st Sess. (Washington, D.C.: Government Printing Office, 1935). Also see L. M. Graves, "The Folly of Industrial Planning," Harper's, CLXXVI (February, 1938), 270-278; and Schlesinger, The Politics, pp. 218-219.

[31] Moley, p. 184.

[32] Hugh S. Johnson, The Blue Eagle from Egg to Earth (Garden City, N.Y.: Doubleday & Co., Inc., 1935), p. 162. Hereafter, the title will be referred to as The Blue Eagle.

With reference to the statute itself NRA represented only Title I (under the heading "Industrial Recovery") of a catch-all measure designated as the National Industrial Recovery Act (NIRA). The law also contained Title II, Public Works and Construction Projects (under which the Public Works Administration was created) and Title III, Amendments to Emergency Relief and Construction Act and Miscellaneous Provisions. After several weeks of discussions and numerous drafts drawn up by various New Dealers a bill was introduced in Congress on May 15, 1933. The House passed the bill with few changes in just over a week but it encountered strong opposition in the Senate.[33]

The conservative Senator Bennett C. Clark gave voice to the objections of the National Association of Manufacturers (NAM) and the Chamber of Commerce to the labor provisions of the bill. Progressives such as Senators William E. Borah, Burton K. Wheeler, and Hugo Black attacked the suspension of the antitrust laws but Senator Robert Wagner consistently defended the Administration position and carried the day. In affixing his signature to the bill on June 16 President Roosevelt stated that "History probably will record the National Industrial Recovery Act as the most important and far-reaching legislation ever enacted by the American Congress."[34]

In its final form (conference report) NIRA passed the House by a vote of 325 to 76 and the Senate by a much closer margin of 46 to 39.

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[33] Schlesinger, The Coming, pp. 94-102.

[34] The Public Papers and Addresses of Franklin D. Roosevelt (New York: Random House, 1938-1950), II, 246. For debate in Congress on the measure see U.S., Congressional Record, 73d Cong., 1st Sess., 1933, LXXVII, Part 5, 5153; Part 6, 5244-5245, 5279-5280, 5307.

The vote breakdown in the House recorded 267 Democrats, 54 Republicans, and 4 Farmer-Laborites in favor with 25 Democrats, 59 Republicans, and 1 Farmer-Laborite against the measure. In the Senate 41 Democrats and 5 Republicans supported the bill while 15 Democrats, 23 Republicans, and 1 Farmer-Laborite opposed it.[35]

Title I of NIRA provides for the following: codes of fair competition to be taken at the initiative of "trade or industrial associations or groups" subject to the approval of the President; if trade groups fail to take the initiative the President may prescribe codes; all codes approved by the President are legally binding--even on the non-signatories; the President is granted regulatory powers (including licensing) over imports if necessary to the purposes of the codes; the President is authorized to approve voluntary agreements among persons engaged in trade or industry, labor organizations, trade and industrial groups, and also authorized to enter into agreements with the same himself; the President is authorized to license business enterprises if necessary to the effectiveness of a code; the President is authorized to require a group to file such information concerning its activities as he may prescribe; every code shall specify that employees have a right to collective bargaining but shall not restrict the right to join a company union; the President is authorized to approve employer-employee agreements concerning wages, hours, and working conditions or to prescribe these standards in the absence of an agreement; all approved codes, agreements, or licenses are exempt from the antitrust laws of

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[35] Herring, "First Session of the Seventy-third Congress," American Political Science Review, XXVIII (February, 1934), 65-83.

the U.S.; the applicants for a code must be truly representative of the trades or industries for which they speak and must not engage in monopolistic practices.[36]

In formulating rules and regulations to govern code-making, the NRA was bound by few statutory requirements. Thus, the procedures were prescribed either by the President, or, more likely, by the Administrator, General Johnson. Supplementing the basic organization NRA added to its structure the three advisory boards to represent the interests of business, labor, and consumer groups respectively at each step of the code-making process.

In broad outline the plan laid down for code-making was as follows: The code committee of the applicant group submitted a proposed code and a series of preliminary conferences directed by the deputy administrator of NRA were held; a representative of each of the three advisory boards attended the conferences as well as NRA officials and the code committee; next a public hearing was called at which interested parties would appear and after this stage further negotiations regarding the proposals were conducted; from this process emerged a document which was sent by the deputy to the Administrator who in turn advised the President.[37] Code-making in practice though often varied greatly from theory and invited sharp criticism from many quarters. Broadus Mitchell judged that "a code was something between a charter of a medieval guild and the agreement of a modern cartel."[38]

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[36] Leverett S. Lyon et al., The National Recovery Administration (Washington, D.C.: Brookings Institution, 1935), chap. ii.

[37] Ibid., pp. 83-84.

[38] Broadus Mitchell, Depression Decade (New York: Rinehart, 1947), p. 239.

Directing attention to the actual operations of NRA it should first be noted that Administrator Johnson decided that the initial task was to obtain the assent of the ten largest industries to the codes as quickly as possible. Even though he was willing to waive certain principles in the interest of expediency the response from the industrial community was somewhat less than enthusiastic. Thus, the decision was made to persuade industry by the means of a nationwide propaganda campaign which resembled wartime hoopla. The public was, in effect, encouraged to boycott those industries and business firms which did not display the NRA's symbol of compliance--the Blue Eagle.[39]

Another facet of the NRA drive for acceptance was the idea of the blanket code as set forth by the President in his third fireside chat. It came to be known as the President's Re-Employment Agreement (PRA) and was negotiated directly between the President and individuals or organizations. The PRA asked for immediate compliance with minimum wages of 30 cents per hour, maximum hours for factory workers of 35 per week, and abolition of child labor. Over two million employers signed up during the summer of 1933 yet several of the major industries still delayed. Finally, under great pressure from the President, the last of the big industries (Coal) agreed to a code on September 18. By that date over 600 additional industries had signed codes. So one might conclude that strictly from the standpoint of numbers the NRA campaign was quite successful. However, there remain the paramount questions of (1) the character of the content of the codes, (2) the degree of

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[39] Johnson, The Blue Eagle, chap. xxi; Rauch, pp. 94-97.

compliance with them, and (3) the consequences of this experiment in industrial planning.

The objectives of NRA as indicated in the declaration of policy of Title I were both recovery and reform. But it was obvious that the idea of recovery took precedence. Related to this development was the stock market decline in the summer of 1933. A gigantic campaign was launched to win acceptance of NRA. The need to increase employment and create mass purchasing power was urgent. As to the administration of the NRA codes there was no uniform method of selecting the primary administrative agency. Some codes did not specify any method of selection while others certified a particular group as the code authority or administrative agency. Some codes did not specify any method of selection while others certified a particular group as the code authority or administrative body.

A Brookings Institution study revealed the following pattern:

> A survey covering 400 approved codes shows that 218 of the 400 place trade associations in a dominant position with minority representation for nonmember associations in 101 of the 218 instances. There is labor representation on 21 of the 400 code authorities, and consumer representation on 2.[40]

Schlesinger points out that the code authority was a private body which exercised public powers and was largely controlled by the corporations.[41] Thus, we find that NRA has devised, however haphazardly, a most intricate system of codes for which there was no adequate mechanism for enforcement by the federal government but which embraced a large measure of self government for industry.

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[40] Lyon et al., p. 166. Also see Rauch, p. 97.

[41] Schlesinger, The Coming, p. 126. Also see Mitchell, p. 239.

In focusing upon the actual content of NRA--that is to say, the major policies--one finds that three major areas were affected, namely, prices, production and labor. It is a fact that NRA followed a deliberate policy of scarcity as evidenced by the production-control clauses which were written into so many codes. General Johnson defended this policy on the grounds that it was necessary to the achievement of a balanced economy.[42] This production control policy had been vigorously urged by the U.S. Chamber of Commerce and such business leaders as Henry Harriman and Gerard Swope.

Another definite trend in NRA policy was that of price-fixing--a policy which the Administrator defended as not being monopolistic because it fixed prices upward.[43] An indication of the scope of this price-control policy is demonstrated by the fact that 441 of the 557 basic NRA codes contained provisions designed to control minimum prices. Also, most of the 209 supplementary codes contained such provisions. Many of these provisions never went into effect, however, for various reasons.[44]

Under the pressure of widespread criticism of the price policy General Johnson, in what he later described as "a moment of total aberration," agreed to the appointment of Clarence Darrow to head the National Recovery Review Board. This body was charged with the responsibility of investigating monopolistic tendencies in the codes. The reports of the Darrow Board constituted a scathing attack on NRA

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[42]Johnson, The Blue Eagle, pp. 166-169. Also see Link, p. 392.

[43]Johnson, The Blue Eagle, p. 177.

[44]Lindley, Half Way, pp. 158-159.

as the instrument of monopoly which inflicted great injury on small business, labor, and the consumer. NRA reversed its policy by precluding any further approval of price controls. But the flood of protest led General Johnson to announce that the new policy would not apply to existing codes.[45] Another concession to the critics was made in the appointment of the Industrial Appeals Board to hear the complaints of small business.

In August, 1933 the National Labor Board (NLB) was established to handle disputes related to the organizing of unions. Since the matter of interpreting the labor clause of NIRA was of vital concern the NLB assumed a key role in the development of labor policy. The labor movement launched a major campaign to organize and this was countered by the management device of company unions. Thus, there often was a contest for recognition between the two competing unions and in many cases during 1934 strikes resulted. The NLB adopted the policy that the organization chosen by a majority of workers was qualified to act as the bargaining agent for all the workers. The board did not have any direct enforcement powers and the employers took advantage of this situation by either ignoring or defying its decisions.[46]

Not only did the labor movement experience difficulties in the area of collective bargaining but also the federal government on several occasions muted the effectiveness of labor's most effective weapon--the strike. Basil Rauch is critical of both the NLB and the President for their intervening to prevent or stop strikes and secure

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[45] Schlesinger, The Coming, pp. 131-135.

[46] Ibid., chap. viii. Also see Rauch, pp. 127-135.

settlements which did not satisfy labor.[47] One member of the cabinet, however, Secretary of Labor Perkins, disagreed with this policy of the government and criticized Administrator Johnson who also intervened in several strikes. Madam Perkins told Johnson that a strike is not an unmixed evil and observed that "the trouble with Hugh is that he thinks a strike is something to settle."[48]

On May 27, 1935 the U.S. Supreme Court, by unanimous decision, held the code-making provisions of the NIRA an unconstitutional delegation of the legislative authority of Congress. This opinion marked the demise of NRA. Walter Lippmann for some time had questioned the legality of NRA and had also severely criticized this agency on the grounds of regimentation.[49] But one wonders if this momentous experiment in industrial planning can be dismissed so lightly. Rexford Tugwell, it appears, falls into the same error (of dismissal) because of "big business domination."[50] Broadus Mitchell is less severe in his judgment: "Much of the effect of NRA was emotional. . . . NRA supplied fresh energy to jaded industry and commerce. But NRA showed, also, that psychological stimulus is not enough."[51]

Lindley regards as a myth the argument that NRA was oppressive to small business. He finds that most objections boiled down to the wage and hour provisions and these complaints were instigated often by sweat-shop operators.[52] Schlesinger sustains the Lindley thesis:

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[47]Rauch, pp. 97, 129-130. [48]Johnson, The Blue Eagle, p. 311.

[49]Lippmann, Interpretations, 1933-1935, pp. 89-125.

[50]Tugwell, p. 329. [51]Mitchell, p. 258.

[52]Lindley, Half Way, pp. 165-166.

> According to figures cited by NRA, the failure of small businesses in 1934 constituted a smaller proportion of all failures than in any year since 1921; and there seems to have been no marked increase in the rate of economic concentration during the NRA years.[53]

Schlesinger in his evaluation feels that the historians and economists have committed an injustice in dismissing NRA so casually. He offers the following interpretation of the policies and impact of the National Recovery Administration:

> Thus its apparatus of codes, for all their defects, did succeed in placing a floor under the wage-price spiral which threatened in 1933 to take everything to chaos. . . . And, for a season in 1933, NRA actually helped generate employment. The shortening of hours and the consequent spreading of work under the President's Re-Employment Agreement gave jobs to something like two million workers; and the general increase in wages meant a temporary lift to demand. Beyond this, however, NRA's strictly economic contributions to recovery were limited. It represented a holding action, not a positive stimulus. . . . The more enduring achievements lay not in the economic but in the social field. Here NRA accomplished a fantastic series of reforms, any one of which would have staggered the nation a few years earlier. It established the principle of maximum hours and minimum wages on a national basis. It abolished child labor. It dealt a fatal blow to sweat-shops. It made collective bargaining a national policy and thereby transformed the position of organized labor. It gave new status to the consumer. It stamped out a noxious collection of unfair trade practices. It set new standards of economic decency in American life--standards which could not be rolled back, whatever happened to NRA. . . . More than this, NRA helped break the chains of economic fatalism which had so long bound the nation.[54]

Even before the NRA was voided, John L. Lewis, head of the United Mine Workers of America (UMW), had sponsored a measure in Congress which called for more systematic and effective planning in the soft coal industry. The Guffey-Snyder Bituminous Coal Bill experienced rough going in Congress and did not receive the support of President Roosevelt until after the Court invalidation of the NRA in May, 1935.

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[53] Schlesinger, The Coming, p. 170.

[54] Ibid., pp. 173-175.

Still the bill encountered heavy opposition and was bottled up in the House Ways and Means Committee for several weeks. Only the threat of Lewis to call the UMW (500,000 members) on strike provided the momentum to push the proposal through Congress by a narrow margin. The Senate passed the Guffey Bill 45 to 37 and the conference report without a record vote. The House approved the conference report by a vote of 186 to 150.[55]

The Act established the National Bituminous Coal Commission composed of representatives of labor, management, and the public. The Commission was empowered through the use of codes to control prices and production, guarantee collective bargaining, and regulate wages and hours. Compliance with the codes was to be secured through the use of the taxing power. A 15 per cent tax was to be levied on coal production with cooperating producers allowed a 90 per cent rebate. On May 18, 1936 the Act was declared unconstitutional by the U.S. Supreme Court on the grounds of illegal delegation of authority by Congress.[56]

The other great experiment in national planning which encompassed an entire segment of the economy was associated with agriculture. Secretary Wallace in 1933 recognized the need for immediate action and early in March called a conference of farm leaders for the purpose of agreement on proposed farm legislation. The idea of parity--of fair exchange value for farm products--and the restoration of a balanced economy was accepted as the primary objective.[57] There were, however, many conflicting ideas as to how this goal might be obtained.

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[55]Schlesinger, The Politics, pp. 334-336; Rauch, pp. 203-204.

[56]Link, p. 408; Eurich and Wilson, p. 85.

Rexford Tugwell, one of the participants in this process of composition, recalls that differences gradually crystallized into four recognizable positions: (1) price-fixing, (2) disposal of surpluses abroad, (3) assignment of the responsibility of increasing prices to the processors through the device of marketing agreements, and (4) increase of farmers' incomes through reduction of acreage and limiting of supply (domestic allotment). In view of the bitter conflict among the various pressure groups Wallace and Roosevelt decided to offer an omnibus bill which would permit any of the four hotly disputed methods to be followed by the Department of Agriculture. A few other additional devices were also included in this bill.[58]

The Agricultural Adjustment Bill received a mixed reception in Congress. Representative Joseph W. Martin concluded that "we are on our way to Moscow." The dislike of the conservatives for government planning as well as the intense pressure of the processing industry against the tax on it were evident. But the Administration succeeded in pushing the bill through the House without difficulty. In the Senate though, there were numerous attempts to alter or amend this measure.

Senator Norris, reflecting the sentiment of the National Farmers Union, introduced an amendment calling for the government to assure the farmer his cost of production. After initial passage it was finally deleted by the conference committee at the request of Secretary Wallace.

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[57] Henry A. Wallace, New Frontiers (New York: Reynal and Hitchcock, 1934), pp. 162-165.

[58] Tugwell, pp. 275-276. These new devices included the power of the federal government to license and tax processors and the power to make loans or purchases of crops in order to maintain prices.

There was powerful support for inflation in both houses of Congress--it was simply a question of what form it would take. Roosevelt accepted a qualified version of the amendment offered by Senator Elmer Thomas. This gave permissive, as contrasted with mandatory, power to use one or more of several specified devices to accomplish inflation.[59]

After a special message to Congress another amendment to the farm bill was added. This section provided for the refinancing of farm mortgages at low interest rates. The omnibus measure now contained three parts. One of these parts was the omnibus Agricultural Adjustment Act which was Title I. Title II was the Emergency Farm Mortgage Act and Title III, concerned with monetary measures, included the Thomas amendment.[60] The omnibus measure passed the Senate by a vote of 64 to 20 with 48 Democrats, 15 Republicans, and 1 Farmer-Laborite in support and 4 Democrats joining 16 Republicans in opposition. In the House 272 Democrats, 39 Republicans, and 4 Farmer-Laborites favored the measure while 24 Democrats, 73 Republicans, and 1 Farmer-Laborite opposed it with the vote recorded as 315 to 98.[61]

Referring to the Agricultural Adjustment Act Eric Goldman comments: "But the Triple A plainly contained ample provisions to make it one of the boldest uses of national agricultural controls in

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[59]Schlesinger, The Coming, pp. 40-42; Rauch, pp. 68-70; Wallace, New Frontiers, pp. 166-167.

[60]Schlesinger, The Coming, p. 44; Rauch, p. 71.

[61]Herring, "First Session of the Seventy-third Congress," pp. 65-83. The bill passed Congress on May 12, 1933 and was signed by the President on the same day. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

the history of Western civilization."[62] The provisions were as follows: the general goal was defined as the re-establishment of prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles farmers buy equivalent to the purchasing power in the base period August, 1909 - July, 1914; the powers of the Act were to be exercised by the Secretary of Agriculture through an Agricultural Adjustment Administration to be set up within the Department of Agriculture; agricultural prices were to be enhanced through widespread restraints on production, removal of surplus agricultural products from the market, or the expansion of markets; farmers' incomes were to be increased through direct payments for participation in production control programs; excise taxes on processors of farm products were to be levied as a means of defraying the cost of adjustment operations; marketing was to be regulated by voluntary agreements among processors and distributors or by compulsory licensing to eliminate unfair practices or charges.[63]

There were two types of amendments to the original act which affected its operations. One of these involved an increase in the number of commodities brought within the production control provisions. The number expanded from seven to fifteen through various amendments in 1934 and 1935. The other type of amendments resulted from the

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[62] Eric Goldman, Rendezvous With Destiny (New York: Vintage Books, Inc., 1959), p. 283.

[63] Edwin G. Nourse et al., Three Years of the Agricultural Adjustment Administration (Washington, D.C.: Brookings Institution, 1937), chap. ii. Production-control features were central to this program and came to be identified as the domestic allotment plan.

pressure of groups of producers who felt that the voluntary methods (benefit payments) of production control would not prove adequate. Thus, the Bankhead Cotton Control Act of 1934, the Kerr-Smith Tobacco Control Act of 1934, and the Warren Potato Act of 1935 imposed compulsory methods by the use of heavy taxes on those farmers who did not comply with the allotment.[64]

George Peek, the old warrior of McNary-Haugen and the spokesman of big farming, was named to head the Agricultural Adjustment Administration (AAA) in May, 1933. After a few turbulent months he was replaced as Administrator by Chester Davis and the operation ran more smoothly thereafter. Peek's approach to the agricultural program was to emphasize marketing agreements between the producers and processors as the basic AAA weapon. He had reluctantly accepted production control as a temporary emergency measure. As it developed, however, production control came to represent the heart of the AAA program.[65]

With reference to the marketing agreements Peek was continuously delayed and obstructed by Jerome Frank, the quite able General Counsel of AAA. Frank insisted that the processors should be required to open their books if AAA was willing to approve marketing agreements. The ensuing conflicts between Peek and Frank often had to be settled by Secretary Wallace. The other half of Peek's program--the promotion of farm exports--reached its climax in November, 1933 when he tried to transfer half a million dollars from the processing-tax accounts to subsidize the export of butter to Europe. Acting Secretary Tugwell

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[64] Ibid., pp. 39-43.

[65] Schlesinger, The Coming, p. 55.

rejected the proposal and this culminated in Peek's forced resignation.[66] "At the end of December, 1935 there were in effect 17 marketing agreements and 44 licenses."[67]

The top AAA officials together with Secretary Wallace decided to utilize the existing power structure of the Extension Service and Land Grant Colleges to build the local organization necessary to the implementation of the production-control program. One important step in this direction was the appointment of State Extension Directors to be made the state AAA administrators. On the local level the county agents served with the AAA in educating the farmers concerning the benefits and persuading them to cooperate.[68]

A vital part of the AAA organization was represented by the 4,000 county production-control associations, made up of farmers who elected their own officers and actually administered many of the control programs. These county associations made acreage allotments and also checked the execution of the programs. Their membership totaled three million farmers and their impact upon the community was considerable. To Secretary Wallace they represented an impressive example of economic democracy in action functioning within a framework of national policy.[69]

At the height of the emergency in 1933 drastic measures had to be taken in order to achieve the objective of higher farm prices and incomes. Since it was too late to curtail cotton production it was

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[66] Ibid., pp. 55-59. [67] Lindley, Half Way, p. 120.

[68] Schlesinger, The Coming, pp. 59-60, 72-73.

[69] Wallace, New Frontiers, pp. 264-267.

necessary to embark upon a gigantic plow-up campaign with the promise of cash benefits in return. "Twenty-two thousand AAA agents, mostly volunteers, blanketed the South. The two-week campaign resulted in agreements to take 10,324,000 acres out of production."[70] Secretary Wallace expressed the feelings of many farmers in the following statement: "To have to destroy a growing crop is a shocking commentary on our civilization. I could tolerate it only as a cleaning up of the wreckage from the old days of unbalanced production."[71]

Another aid to cotton farmers in 1933 was the decision of AAA to lend ten cents a pound on cotton through the medium of the newly organized Commodity Credit Corporation. The loans were made only to farmers who signed contracts to take more acreage out of production in 1934. Another AAA decision which provoked a great uproar was the policy of raising the price of hogs by slaughtering six million little pigs in September, 1933. Wallace answered the widespread criticism as follows: "They contended that every little pig has the right to attain before slaughter the full pigginess of his pigness. To hear them talk, you would have thought that pigs are raised for pets."[72]

To bolster the dairy industry it was decided to have the Government buy up sixty million pounds of butter for distribution through relief channels which was to be financed by a processing tax. To alleviate the distress of the wheat farmer two special devices were employed. One was an international wheat agreement whereby the four great exporting nations, including the United States, consented to a

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[70] Lindley, The Roosevelt Revolution, p. 244.

[71] Wallace, New Frontiers, pp. 174-175. [72] Ibid., p. 180.

reduction in acreage and exports and the importing nations agreed to go no further with their trade restricting measures. The other device was the export subsidy for 35 million bushels of wheat with the financing of this program to be drawn from the processing tax on wheat.[73]

Favorable effects of the AAA programs became evident to the farmer in 1934 and the operation of these programs became more effective as the crisis dissipated. One other feature of AAA should not be ignored. This refers to the organization of research and planning functions.

> When the Division of Program Planning was organized in the fall of 1933, its assignment was not just to work out year to year plans for the continuance of production control for the several products along existing lines, but instead to outline fundamentals of a larger and more permanent program towards which current activities could gradually be shaped. . . . A section on land-use planning was set up to relate future plans of AAA to the land-use situation in the country; the Bureau of Home Economics was asked to work out dietary bases for schedules of production; and an export-import section was set up to consider the possibilities of international trade in farm products. The work of the Bureau of Agricultural Economics was drawn upon to see that all pertinent facts as to the economics of production and marketing should be brought into the picture.[74]

On January 6, 1936, the U.S. Supreme Court held that the AAA processing tax was coercive and an illegal use of the taxing power for the purpose of regulating agriculture. The majority opinion, written by Justice Roberts, argued that the general welfare clause of the Constitution made no provision for such regulation. The judgment further stated that the AAA tax constituted an invasion of the states' rights guaranteed by the Tenth Amendment. Other parts of the Agricultural Adjustment Act survived this decision and provided a foundation upon

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[73] Ibid., pp. 184-185. [74] Nourse et al., pp. 377-380.

which a viable agricultural program was built with the addition of future legislation.[75]

In evaluating the experience of the AAA experiment let us first turn to the matter of production control. In the comprehensive Brookings Institution study Edwin G. Nourse finds that these controls were effective during the crisis but as the pressure of economic distress diminished the effectiveness of the controls diminished.[76] Nourse and Black appear to be in agreement regarding marketing controls by AAA in that both believe that marketing agreements are valuable and that commodity loans are useful in a period of deep depression but should otherwise be used sparingly. Nourse points out that marketing agreements "permit the coordination of distribution on a wide scale" and that "its benefits to producers, processors, and distributors of perishable products outweigh the dangers of abuse or exploitation of the public."[77]

As might be expected with any undertaking of the magnitude of AAA dissatisfaction became widespread. Large-scale farmers, organized in powerful associations, had their crops placed on the list for curtailment on highly favorable terms while the small farmer benefitted slightly, if at all. Dixon Wecter commented: "Proportionately at least, the principle--or the application--of the AAA seemed to be: to him that hath shall be given."[78] Basil Rauch raises further objections: "Farm

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[75]Schlesinger, The Politics, pp. 470-474; Rauch, pp. 209-215.

[76]Nourse et al., pp. 460-464. In the same study John D. Black criticizes this point of view for assuming that the law of supply and demand will prove adequate. Black calls for a continuation of the production-association control of the staple crops and a device of general application for other crops, pp. 484-488.

[77]Ibid., p. 467; also pp. 465-466, 496-501.

[78]Wecter, p. 145. Also see Goldman, pp. 271-273.

laborers, who were excluded from the provisions of the NRA, sharecroppers, and tenants usually received no share of AAA checks, or found themselves put off the land as a consequence of the landowners' reduction of acreage."[79] This condition led to the formation of the Southern Tenant Farmers' Union.

Looking at the brighter side of the picture one notices that the cash earnings of the farmer increased 25 per cent in 1933, 15 per cent more in 1934, and an additional 16 per cent in 1935.

> Even more important was the striking improvement in the farmers' terms of trade. The ratio between prices the farmers received and the prices they paid, including interest and taxes, rose steadily from 55 in 1932 to 70 in 1934 and 90 in 1936. Farmers' prices increased by two-thirds in this period. All this was accompanied by a decrease of a billion dollars in the size of the farm debt, and a wholesome shift of creditors from private banks and insurance companies to federal agencies. The degree of agricultural recovery was all the more remarkable at a time when income and employment in the general economy still remained low.[80]

Henry Wallace makes the point that "for the first time in our history we have created a mechanism, the AAA, which gives six million individual farmers a concerted voice, and bargaining power."[81] Arthur Schlesinger, Jr. believes that Tugwell isolated the secret of the success of AAA with the following insight: "Under this plan it will pay farmers, for the first time, to be social-minded, to do something for all instead of for himself alone. We thus succeed, we think, in harnessing a selfish motive for the social good."[82]

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[79] Rauch, p. 102.

[80] Schlesinger, The Coming, p. 71. Also see Nourse et al., chaps. x, xi.

[81] Wallace, New Frontiers, p. 214.

[82] Schlesinger, The Coming, p. 72. Nourse also stresses the point that AAA planning followed a democratic rather than an authoritarian pattern, Three Years of the Agricultural Adjustment Administration, p. 478.

Ernest Lindley believed the AAA to be the most successful of the New Deal programs and concluded that "the setting up and the execution of the crop control plans alone were an extraordinary piece of planning and good administration."[83] As a final commentary on the AAA experiment may we refer to the statement of John D. Black:

> Definitely more prominence should be given . . . to the magnitude of the achievement of getting a few million farmers to take part in the adjustment program, and for the most part to carry through with their agreements; to the amount of administrative ability somewhere that such an achievement evinces, and also the high order of co-operativeness which producers displayed; and to the control possibilities, for better or for worse, which these indicate for the future of American agriculture.[84]

It would be most difficult indeed to reconcile the Hartz thesis of the monolithic Lockian ethos with the record of public ownership and government planning of the early New Deal. The concept of individualism linked with the private-property ethic had continued to dominate the American mind throughout the 1920's. This was true in spite of the fact that large private organizations controlled the economy and granted the individual no voice in policy decisions. So lip service was paid to the god of individualism while the huge corporations enriched themselves. One may observe here a private collectivism operating within a framework of "the folklore of capitalism."

These gigantic enterprises of the New Deal in ownership and planning, however, represented a radical departure in the history of American government. Never before had the federal government directly

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[83] Lindley, Half Way, pp. 136-137. John D. Black also praises the planning program which took options on nine million acres of submarginal land and thus laid the foundation for the future soil conservation program, Nourse et al., pp. 493-494.

[84] Nourse et al., p. 489.

owned and operated such large undertakings or planned and administered entire segments of the economy. This fact constituted a powerful rejection of the Lockian philosophy of individualism and private property rights which demanded subsidies without regulation. Instead we witness the fact of a government collectivism with sweeping authority.

Some of these projects continued for several years while others have persisted to the present day. The New Deal spirit called for emphasis on the public interest rather than on the whims of wealthy individuals or private organizations. The theme was one of cooperation which engaged large numbers of people rather than a selfishness which permitted either the collusion of the few or the cutthroat competition of all. In the case of the AAA it was the farmers themselves, rather than Administration initiative, which produced additional compulsory controls through various statutes. One might also observe here that the "individualism" of the farmer did not prevent him from accepting benefit payments in return for government control. In short, one finds the individual during this period most willing to relinquish some of his freedom--be it for reasons of personal security, the social good, or a combination of the two.

CHAPTER VI

THE PERIOD OF DIVERGENCE, 1932-1936 (Continued)

The Test of Ideology As Applied to Administrative Policy and Congressional Voting Behavior

During the Republican period of convergence economic decision-making rested in the hands of the business community, and particularly in those of Wall Street. The crucial policy questions were decided either directly by the business leaders or indirectly by government officials who had been recruited from the business community and warmly endorsed the Hamiltonian adaptation of Locke. In contrast, during the New Deal period of divergence these matters were decided by the President and Congress who represented the interests of the great variety of groups which make up the American public. Thus, not only had economic power been effectively transferred from New York to Washington but also with it a recognition that problems of economics and finance were inextricably involved with social questions.

To continue this study within the framework of categories adhered to throughout this thesis the writer will now focus attention upon the third category.

Overall Regulation and Direction of the Economy by the Federal Government

Some of the most significant New Deal policies which have continued to the present day are found in the area of regulation of business

and industry. Responding to the revelations of the Pecora Committee about the unscrupulous practices which prevailed in the sale of securities the New Deal made its first attempt at correction in 1933. As a modest beginning the Democratic Administration pushed through Congress during the Hundred Days a measure known as the Truth-in-Securities Act. It provided for registration with the Federal Trade Commission of all new securities as well as full disclosure of all material facts regarding them.[1]

The 1933 Act, however, was only the beginning of the Administration attempt to regulate securities. In 1934 Roosevelt sent a message to Congress calling for more comprehensive and rigid control in this area, including the supervision of stock exchanges. This brought forth a violent reaction by the business leaders who branded the proposed legislation a Red Conspiracy and produced a certain educator, Dr. William Wirt, in an effort to prove it. His testimony before a Congressional Committee was a dismal flop. The more serious opposition to this bill was organized by Richard Whitney, the president of the New York Stock Exchange, and was ominously effective. In the words of Ernest Lindley "the Securities Exchange Act was forced through in the face of the most hysterical kind of resistance and the mobilization of every resource--from the business schools of universities to small-town bankers--that the financial centers could command."[2]

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[1]Mario Einaudi, The Roosevelt Revolution (New York: Harcourt, Brace & World Inc., 1959), pp. 141-142.

[2]Lindley, Half Way, pp. 109-110.

In spite of such powerful opposition the bill passed the House by a vote of 280 to 84 and the Senate by a margin of 62 to 13. The conference report passed both houses by a voice vote. The provisions of the Acts were designed to protect the investors by (1) placing trading practices under federal supervision and requiring the registration of all stock exchanges, (2) requiring a statement of all pertinent information regarding dealers and brokers, (3) requiring the registration not only of new securities but of all securities traded on the exchanges, and (4) controlling the amount of borrowed money in the market through the regulation of margin requirements. A new agency, the Securities and Exchange Commission (SEC), was created to administer this statute. With reference to the fourth objective both the SEC and the Federal Reserve Board (FRB) were responsible for setting margin requirements. The SEC possessed enforcement authority to license the stock exchanges and to compel individuals and organizations to abide by this law.[3]

The first chairman of the SEC, Joseph P. Kennedy, knew very well from personal experience the mentality and morality of the financial community. Through his moderate though firm policies he achieved the acceptance of SEC without sacrifice of principle and to some extent the restoration of the capital market.[4] A less important New Deal measure which restricted speculation was the Commodities Exchange Act of 1936. It regulated trading on commodity futures and curbed unfair practices in this area.[5]

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[3]Schlesinger, The Coming, chap. xxix.

[4]Ibid., pp. 467-470. Also see Lindley, Half Way, pp. 110-113.

[5]Alvin C. Eurich and Elmo C. Wilson, In 1936 (New York: Henry Holt, 1937), p. 21.

When Franklin Roosevelt was inaugurated in 1933 he was confronted with a banking crisis which assumed catastrophic proportions. At this time every state in the country had witnessed either a banking holiday or the restriction of banking operations. On March 5 the President issued an executive order under the authority of a wartime law which proclaimed a national banking holiday. On March 9 Congress passed within four hours of its introduction the Emergency Banking Act which validated the President's earlier move and provided for the reopening of banks in sound financial condition. The criteria for reopening were to be determined by the Secretary of the Treasury. The Act also authorized the Secretary of the Treasury to call in all gold and gold certificates and the RFC to purchase or receive as collateral for loans the preferred stock of all national and state banks. It also empowered the President to regulate bank transactions in credit, currency, gold, silver, and foreign exchange.[6]

Roosevelt's assurance that unsound banks would not be allowed to open created confidence in the banks which did open. "By the end of the year losses of bank deposits had been reduced to slightly over one billion dollars, owing to the failure of 1772 banks which the Treasury had refused to license. Practically no licensed banks failed."[7] Banking legislation of a more permanent character was reflected in the Glass-Steagall Act of June, 1933. Although this measure did not receive full Administration support it passed the House by a vote of 262 to 19 and the Senate by acclamation.[8]

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[6]Lippmann, Interpretations, 1933-1935, pp. 17-31; Moley, pp. 152-154.

[7]Rauch, p. 63. [8]Lindley, The Roosevelt Revolution, p. 143.

One provision which the President opposed later turned out to be one of the most outstanding accomplishments of the New Deal--namely, the government insurance of bank deposits up to $5,000 (subsequently increased to $10,000). The Federal Deposit Insurance Corporation (FDIC) was established to manage this program which provided security for the small depositors. Certain other provisions of the Act effected a separation of investment banking from commercial banking in order to prevent speculation with the money of depositors. The other major reform embodied in this legislation granted the Federal Reserve Board powers over credit to prevent excessive speculation with borrowed money by its member banks.[9]

"One of the most rewarding financial games of the 1920's had been the building up of complex holding company empires, through which skillful financial operators, and very few of them, acquired control over large segments of the nation's economic life."[10] This device was particularly prominent in the utility industry. With this in mind the President in March, 1935 strongly urged Congress to pass the Public Utility Holding Company Bill which had been written on the basis of special reports by the FTC and the National Power Policy Committee. To counteract the Administration support the power companies struck back under the leadership of Wendell Willkie and offered their own plan calling for state rather than federal regulation.[11]

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[9] Ibid., pp. 143-145. Also see Rauch, p. 83.

[10] Einaudi, p. 189. For a detailed rejection of the holding company position see William O. Douglas, Democracy and Finance (New Haven: Yale University Press, 1940).

[11] Schlesinger, The Coming, chap. xvii; Rauch, pp. 177-180.

In defense of their activities the holding companies argued that they contributed to the industrial development of America. They found strong endorsement of their position by the Chamber of Commerce as well as by John W. Davis, former Democratic nominee for President, who perceived grave threats to individual freedom. Congressmen were subjected to intensive pressure by what Roosevelt described as "the most powerful, dangerous lobby that has ever been created by any organization in this country."[12] The Administration applied its own pressure in the person of White House advisor Tom Corcoran.

In the face of charges and countercharges about lobbying a Senate committee headed by Hugo Black was authorized to investigate this matter. The subsequent investigation hardly proved to be a model of impartiality and it came to be a tragedy for the utility magnates who testified at the hearings. There was great division in Congress over the question of whether these holding companies should be merely regulated or whether they should be eliminated. Finally in late August a compromise of the "Death Sentence" clause was agreed to in the conference committee. Their report passed the House by a vote of 222 to 112 and was adopted in the Senate without a roll call.[13]

The final version charged the SEC with the primary administration of the Act. It prohibited holding companies beyond the second degree until 1938; after this year only single integrated systems related to the sale of power were authorized. It also empowered the SEC to regulate the securities of these companies as well as the acquisition

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[12]Schlesinger, The Coming, p. 314.

[13]Ibid., chap. xvii; Rauch, pp. 177-180.

and disposition of their properties. One provision of the 1935 Act gave the FPC authority to regulate the rates and business practices of interstate utilities.[14] Broadus Mitchell in studying the significance of the Act, sums up his reaction as follows: "The giants of the industry were brought on the carpet."[15]

Government regulation of business enterprise was extended to other new fields with less publicity and controversy than those previously mentioned. In June, 1934 the Communications Act created the Federal Communications Commission to exercise controls over the telephone, telegraph, cable, and radio industries. The Motor Carrier Act of August, 1935 gave the Interstate Commerce Commission powers to regulate rates, finances, and labor in the fields of bus and truck transportation.[16]

One of the fundamental instruments which influence the direction of the economy is that of monetary policy. The control of such a policy during the 1920's rested with the investment bankers and financiers who were wedded to the gold standard. The transfer of this power to Washington began in the early days of the New Deal. Based on the authority of the Emergency Banking Act the President, on March 10, 1935, halted the export of gold except when licensed by the Treasury and on April 5, 1933 prohibited the hoarding of gold and gold certificates. These actions left the gold standard in a sort of limbo. However, this situation was clarified by the executive order of April 19, 1933 which took the nation off the gold standard by forbidding all exports of gold.[17]

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[14] Lindley, Half Way, p. 177. [15] Mitchell, p. 176.

[16] Rauch, pp. 137, 180.

[17] Lippmann, Interpretations, 1933-1935, pp. 50-58.

There was great demand in Congress to employ inflation as a device to stimulate a rise in prices. The Administration, cognizant of this sentiment, acquiesced in the acceptance of permissive legislation which granted the President discretionary authority to use one of three designated methods of inflation if he so desired. Thus, the Thomas Amendment was adopted by the Senate 64 to 21 and by the House 307 to 86 and on May 12, 1933 became law as part of the Agricultural Adjustment Act. A few months later Roosevelt decided to employ one of these methods--devaluation of the dollar. Some members of the Administration were obviously unhappy with the trend of events. Learning that the United States had abandoned the gold standard Lewis Douglas, the Budget Director, proclaimed the end of Western civilization.[18]

As a further step Congress passed the Gold Repeal Joint Resolution of June 5, 1933 which cancelled the gold clauses in public and private debts, requiring that debts be paid in legal tender. For several months preparatory steps had been taken toward the convening of an international conference on monetary problems. The London Economic Conference, which opened on June 12, 1933, soon revealed the divergence between the European and American positions on monetary stabilization. In short, the Europeans desired a return to the gold standard by all nations while President Roosevelt rejected any attempt to restrict his policy of devaluation. This policy was regarded by FDR as a major

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[18] The Secret Diary of Harold L. Ickes: The First Thousand Days (New York: Simon & Schuster, 1954), p. 659. Hereafter, the title will be referred to as The First Thousand Days. Also see Schlesinger, The Coming, pp. 195-202 and Lindley, The Roosevelt Revolution, pp. 120-122.

component of his recovery program.[19]

The American delegation was badly divided and without a sense of direction tended to pursue individual objectives. Senator Pittman was interested in a silver agreement, Secretary Hull in a tariff agreement, and so on. But on July 3 President Roosevelt in his "bombshell" message scolded the Conference for not considering the really important questions such as the world price level. This marked the actual, though not formal, denouement of the World Economic Conference. Raymond Moley, a participant, argues that Roosevelt was a victim of his own cleverness and that he had not intended to wreck the conference.[20] Most other observers disagree with Moley's interpretation and one economist, John Maynard Keynes, warmly congratulated the President for defying the gold bloc.[21]

Though granted authority under the Thomas Amendment to inflate the currency the Administration had taken no action by October except to depress the dollar in foreign exchange. Faced with increasing agrarian unrest the President decided to adopt the Warren thesis of the "commodity dollar." According to this theory prices varied directly with the price of gold and recovery would follow inevitably any increase in such a price. Herman Oliphant of the Treasury Department discovered the necessary authority--two forgotten statutes of 1862 and 1864--under which the government could purchase gold in the United States as well as

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[19] Schlesinger, The Coming, pp. 203-215; Rauch, pp. 85-89.

[20] Moley, pp. 267-269.

[21] Schlesinger, The Coming, pp. 222-232; Lindley, The Roosevelt Revolution, pp. 213-218.

abroad. The RFC was designated as the agency that would implement this program.[22]

In his fourth fireside chat President Roosevelt announced that

> The definite policy of this government has been to restore commodity price levels. . . . When we have restored the price level, we shall seek to establish and maintain a dollar which will not change its purchasing and debt-paying power during the succeeding generation.[23]

Beginning October 25, 1933 Henry Morgenthau (Acting Secretary of the Treasury), Professor Warren, and Jesse Jones met in the President's bedroom to set the price of gold for the day. The price set for any given day made little difference but it was necessary to vary the price (upward) to befuddle the speculators. With reference to this procedure Morgenthau worried: "If anybody ever knew how we really set the gold price through a combination of lucky numbers, etc., I think they would be frightened."[24]

After two or three months it became evident that this policy would not have the precise and automatic effect on the general level of commodity prices which Warren had so confidently predicted. However, Morgenthau defended it on the grounds that it not only reversed the trend in falling prices but also unshackled monetary policy from the chains of private banks.[25] Roosevelt decided to consolidate what gains

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[22]Schlesinger, The Coming, pp. 233-240; Lippmann, Interpretations, 1933-1935, pp. 155-157; Blum, pp. 61-68.

[23]Roosevelt, Public Papers (1933), pp. 426-427.

[24]Blum, p. 70. Also see Jones, chap. xx.

[25]Blum, pp. 75-76. The gold bullion standard is contrasted with the gold standard whereby any individual could redeem his currency in gold at any time. No individual could retain gold under the gold bullion standard.

had been made and on January 15, 1934 sent to Congress a message recommending that (1) all gold be taken over by the Treasury, (2) the limits of revaluation of the dollar be fixed at between 50 and 60 per cent of the old gold value, and (3) that part of the government's profit from the increase in value of the gold which it held be devoted to the establishment of a stabilization fund of two billion dollars.

These recommendations were embodied in the Gold Reserve Act which passed the House by a vote of 360 to 40 and the Senate by 66 to 23 on January 27. The President on January 31 by proclamation fixed the value of the dollar at 59.06 per cent of its last official gold value and established the price of gold at $35 an ounce. The United States had now been placed on a gold bullion standard with the gold serving as a permanent reserve for the paper currency in circulation. The new law turned over to the government significant authority for the flexible management of the currency.[26]

The gold policies of the New Deal were, of course, challenged in the courts. In February, 1935 the Supreme Court in three separate decisions upheld the constitutionality of these policies though at the same time rebuking the Administration in their opinions. Walter Lippmann highly praises this component of the New Deal program:

> The monetary policy, and not NRA, has been the really effective instrument of recovery. The monetary policy has raised those very prices which had fallen most completely out of line and it has not raised much those prices which had remained firm.[27]

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[26] Ibid., pp. 122-125; Lippmann, Interpretations, 1933-1935, pp. 165-173.

[27] Lippmann, Interpretations, 1933-135, p. 174.

The silver policy though provided little reason for satisfaction by the Administration. The silver bloc in Congress was disappointed with the small purchases of silver made under the Thomas Amendment or the International Silver Agreement of 1933. Father Coughlin's agitation for cheap money attracted a large following which exerted great pressure for silver legislation. The President decided to accept the lesser of evils and thus agreed to support a law which permitted the Treasury discretion in the timing and conditions of purchase. Nevertheless, the Silver Purchase Act of June, 1934 was mandatory in providing for silver purchases until the government silver holdings reached a value equal to one-third of government gold reserves. The Act passed the House by a vote of 263 to 77 and the Senate by 54 to 25 and represented, as Schlesinger points out, the most remarkable special-interest triumph of the period.[28]

Possibly the most important single piece of legislation affecting monetary policy was the Banking Act of 1935. Never in the somewhat brief history of the Federal Reserve Board had this agency served as an effective instrument of government policy. Rather, as Henry Morgenthau pointed out, the bankers "had been the dictators of monetary policy. The large New York private banks and insurance companies dominated the Federal Reserve Board and the Open Market Committee."[29]

This act was the product of Marriner Eccles's fertile brain and did not enlist the President's support until the critical last stage in

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[28] Schlesinger, The Coming, p. 252; Blum, pp. 183-188.

[29] Blum, p. 343. The Open Market Committee achieved statutory recognition in the Emergency Banking Act of 1933. However, power was still vested in a group of private bankers.

the legislative process. The Eccles's Bill called for two essential changes which would place monetary policy under the control of the central government. One of these centralized power and responsibility in the Federal Reserve Board in Washington as contrasted with the previous pattern of organization which divided authority among the regional banks of the Federal Reserve System. The second basic change brought the Open Market Committee under the direct control of the Federal Reserve Board with great power to control the volume and cost of credit.[30]

Control over open-market operations, added to existing controls over the discount rate and over the ratio between dollar reserves and deposits in member banks, would provide the three necessary levers of monetary management. The Eccles's Bill was bitterly opposed by the American Bankers Association as well as by Senator Carter Glass. Senator Glass had long been regarded as the oracle of the Democratic party on public finance. He successfully pigeonholed for several months the appointment of Eccles to be Governor of the Federal Reserve Board. Also, Glass first delayed the bill and later attempted to rewrite it but actually modified only the insignificant passages.

The personal intervention of the President as well as the leadership of Democratic Representative Goldsborough saved the day and the conference report passed both houses by a voice vote. Walter Lippmann considered that this bill "represents a triumph of Governor Eccles' fundamental idea. But the triumph is dressed up as a defeat."[31] During

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[30] Eccles, pp. 166-176; Lippmann, Interpretations, 1933-1935, pp. 184-187.

[31] Lippmann, Interpretations, 1933-1935, p. 194. Also see Eccles, pp. 187-229 and Schlesinger, The Coming, pp. 292-301

the first years of the New Deal control of monetary policy was relinquished, however reluctantly, by private enterprise and transferred to the federal government. This constituted a sort of revolution in the world of finance and indicated the bankruptcy of Lockian individualism in such a complex and critical area of policy.

Traditionally taxation in America had been regarded exclusively as a device to provide revenue. During the 1920's the Mellon tax policies had been justified on the grounds that reduction of taxes on the wealthy would produce funds for investment which in turn would result in general prosperity. In 1935 President Roosevelt made it plain that taxation would also be employed as an instrument for social reform. In a special message to Congress on June 19, 1935 he asked for tax revision to encourage a "wider distribution of wealth."[32]

The major objectives of the New Deal tax program of 1935 was to restrict the concentration of wealth in the form of great fortunes and to limit the concentration of economic power in the hands of big business. It called for a graduated tax on corporate income, an intercorporate dividend tax as well as an inheritance tax and higher taxes on gifts and large individual incomes. Likely factors bearing upon Roosevelt's decision to introduce such a sweeping program at this time was the invalidation of NRA and the growing national influence of Huey Long with his "Share the Wealth" program. "Perhaps fully as important as the threat of Long to Mr. Roosevelt was the leverage on a number of reactionary Southern Democrats which their fear of Long provided."[33]

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[32] Lippmann, Interpretations, 1933-1935, p. 212; Lindley, Half Way, pp. 249-252.

[33] Lindley, Half Way, p. 252.

However, this leverage was not sufficient to prevent Congress from substantially diluting the original program. In its final form the inheritance tax was deleted and replaced by an estate tax and the graduated corporate income tax was greatly reduced. Schlesinger is quite critical of the product: "The result was a feeble measure, expected to deliver only about $250 million of additional revenue, which meant that it would do little either to balance the budget or to redistribute the wealth."[34] But Henry Morgenthau felt that the Revenue Act of 1935 advanced certain democratic principles and thus represented a "landmark in the history of American taxation."[35]

In January, 1936 the Supreme Court voided AAA and Congress overrode the President's veto of the Bonus Bill. The former cost the Treasury the $500 million of processing taxes and the latter obligated the government to an expenditure of an additional $2 billion. These actions undoubtedly influenced Roosevelt's decision to ask Congress in March for a graduated tax on undistributed corporation profits. The Morgenthau version, which was introduced in Congress, also called for the repeal of corporate taxes. Marriner Eccles, however, persuaded the President in May to accept a modification of this bill which would retain the old taxes as well as the new tax on undistributed earnings.[36]

For Roosevelt the new tax implied revenue, social and political benefits. Morgenthau viewed it not only as a revenue-raising device which would stop leaks but also as an antitrust instrument which would

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[34] Schlesinger, The Coming, p. 334.

[35] Blum, p. 305.

[36] Eccles, pp. 256-264; Schlesinger, The Coming, pp. 505-509.

influence the process of capital formation. Eccles regarded it primarily as a weapon to stimulate purchasing power and achieve economic balance. The U.S. Senate received it with suspicion and hostility as conservative Democratic Senators Byrd of Virginia and George of Georgia led the opposition. Only strong Administration support and the vigorous leadership of Democratic Representative Vinson of Georgia in the conference committee saved the substance of the bill.

The measure passed the House by a vote of 223 to 99 with 219 Democrats and 4 Republicans supporting it; 22 Democrats and 77 Republicans opposed it. The bill passed the Senate 42 to 29 with 36 Democrats and 4 Republicans favoring it; 18 Democrats and 11 Republicans voted against it.[37] The Revenue Act of 1936, according to Ernest Lindley, "was properly called the most fundamental reform in the tax system proposed since the establishment of the income tax."[38] In conclusion, one may well argue that the New Deal tax policies, as contrasted with the Mellon program, were decidedly anti-Hamiltonian in character.

With reference to spending policy there were several dissonant voices in the Administration. The Director of the Budget, Lewis Douglas, was rigidly orthodox about fiscal policy--even to the point of sacrificing recovery in the interest of a balanced budget. On the other hand, Marriner Eccles, an official in the Treasury who later headed the Federal Reserve Board, called for pump-priming with large government

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[37] U.S., Congressional Record, 74th Cong., 2d Sess., 1936, LXXX, Part 10, 10271, 10476. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[38] Lindley, Half Way, p. 255. Also see Blum, pp. 305-319 and Eccles, pp. 256-264.

expenditures and budgetary deficits. Eccles arrived at this conclusion as early as 1933 and without the assistance of Mr. Keynes. Roosevelt and Henry Morgenthau, who were essentially in agreement, rejected both of these positions. They desired a balanced budget but relief and recovery came first.[39]

The orthodox strain in Roosevelt's thinking was reflected in the passage of the Economy Act of 1933 which the President sponsored. This law reduced the pay of all government officers and employees as well as the pensions and allowances of the veterans. The orthodoxy is also demonstrated in the President's veto of the Bonus bills of 1935 and 1936. The latter, of course, became law as Congress in a surge of election-year sentiment overrode the veto. However, the main approach by the President to spending policy was pragmatic and humanitarian. Unbalanded budgets always made him uneasy but they were tolerated in order to get the job done.[40]

Walter Lippmann considered that the policy of deficit spending was a temporary necessity. He remarks: "The Federal government is not now running an ordinary deficit. It is engaged in a huge banking operation which has come about because local government and private enterprise are unable to borrow or the banking system unable to lend."[41] Ernest Lindley feels that the great emphasis by conservatives on the increase in the national debt is misplaced. Although the increase in the gross public debt between March 1933 and April 30, 1936 amounted to thirteen billion dollars the increase in the net public debt (which

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[39] Blum, pp. 230-232, 279-283; Eccles, pp. 130-132. [40] Ibid.

[41] Lippmann, Interpretations, 1933-1935, p. 198.

is related to national income) was only five billion dollars. "Thus the net public debt--the part that would have to be paid off by taxation if it was paid off--actually bore less heavily on the nation in April 30, 1936, than when Mr. Hoover left office."[42]

During the 1920's the United States had pursued a rigid policy of economic nationalism which featured high protective tariffs. Although the New Deal was nationalist in its monetary policy it followed a somewhat different course of action in the tariff program. The Reciprocal Trade Agreements Act of 1934 was the inspiration of Secretary of State Cordell Hull, long-time advocate of low tariffs and free trade. The bill incurred the wrath of Republican Senator Arthur Vandenberg, who called it Fascist, as well as the powerful industrialists who had hitherto enjoyed protection.[43]

After an earlier vote in the House in which only 2 Republicans supported the measure with only a handful of Democrats opposing it, this body adopted the conference report without a record vote. In the Senate the bill in its final version passed 57 to 33 with 51 Democrats and 5 Republicans approving it; 5 Democrats and 28 Republicans opposed it.[44] The Act permitted reductions or increases up to 50 per cent of existing rates in reciprocity agreements with other countries. The Act further permits the agreements to be made by the President without the

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[42]Lindley, Half Way, p. 238. Also see pp. 230-246 and Lippmann, Interpretations, 1933-1935, pp. 196-206.

[43]Schlesinger, The Coming, pp. 253-254; Rauch, pp. 114-115.

[44]U.S., Congressional Record, 73d Cong., 2d Sess., 1934, LXXVIII, Part 10, 10395, 10636. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

ratification of Congress. This represented a sharp departure from past procedure where logrolling and pressure group activity dominated the formulation of tariff legislation.

With this authority now in the hands of the Chief Executive there was little doubt that reductions and multilateral agreements would prevail. Fourteen agreements with nations in the western hemisphere were effected during the period 1934-1936. Cordell Hull argued that this program contributed to the increase of American exports and favorable trade balance with these countries. Others have contended that the Hull policy marked a significant step in the direction of international peace. It is certain that it resulted in a reduction of Congressional power in trade policy and that it repudiated the protective tariff policy of Hamilton and the Republican Party.[45]

During the first term of Franklin Roosevelt three different types of housing programs were introduced. The Home Owners Loan Corporation (HOLC) was designed to protect impoverished home owners from foreclosure by refinancing their mortgages at lower interest rates. "Ultimately about one loan in seven went bad, but before HOLC suspended lending in June 1936, it also did much good, saving over one million homes, releasing over $3 billion in frozen assets."[46] In 1934 the Federal Housing Administration (FHA) was established by executive order under the provision of the National Housing Act.

The FHA, which has continued in operation to the present day, was organized chiefly for the purpose of lending money to middle-income

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[45]Cordell Hull, Memoirs, (New York: The Macmillan Co., 1948), I, 376-377; Rauch, pp. 117-118; Lindley, Half Way, pp. 358-360.

[46]Blum, p. 285.

families for the construction of new houses or for the repair of old ones. The FHA did not advance credit itself but insured 80-90 per cent of the loans made by private lending institutions. It required high standards for construction and made possible low rates of interest and long term amortizations. The FHA, as contrasted with the HOLC, stimulated recovery and increased employment directly or indirectly.[47] Not much was accomplished during this period in the area of urban housing. Although an appropriation was granted for this purpose by the NIRA of 1933 the cautious PWA Administrator (Ickes) built or began only 49 projects containing only 24,441 residential units over the next four and a half years.[48]

The scope of these various regulatory, monetary, fiscal, tariff, and housing policies reflected a concentration of power in the federal government heretofore unknown in the peacetime history of America. The character and extent of these programs also indicate a commitment to the philosophy of positive government. The latter implies a recognition of the complexity of modern society as well as a willingness to invoke the power of government for the purpose of correcting or mitigating the difficulties which accompany it. This approach refuses to abandon the individual to the unpredictable quality of "economic laws," to the whims of a business and industrial elite, or even to an abstract principle of individualism which would leave the individual free to fend for himself even though it be in a jungle not of his own making. One might say that the New Deal regulated and directed most

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[47] Lindley, Half Way, pp. 104-105; Blum, pp. 285-286; Eccles, pp. 147-161.

[48] Blum, p. 287.

individuals in a time of crisis in order that they may first survive and second develop their rich potentialities.

Relief and Public Works Programs of the Federal Government

For three years after 1929 the Hoover Administration held that the relief of unemployment was the responsibility of private charity and local government. In July, 1932 a statute appropriated $300 million of federal funds for loans to state and local authorities for relief purposes. Because of the various restrictions placed on these relief loans this measure had little effect and, in fact, only $80 million of the total appropriation had been disbursed by January, 1933. Thus, the New Deal in March was confronted with the vast number of 12 to 15 million unemployed as well as the inheritance of a quite inadequate governmental relief structure.[49]

President Roosevelt in March 1933 requested Congressman Costigan and Senators LaFollette and Wagner to draw up a comprehensive relief bill. In spite of the shrill cries of socialism and communism the bill passed the House by a vote of 331 to 42 with 252 Democrats and 74 Republicans supporting the measure and a combination of 12 Democrats and 30 Republicans opposing it. In the Senate the vote was 55 to 17 with 42 Democrats and 12 Republicans recorded in favor of the bill as contrasted with 2 Democrats and 15 Republicans in opoosition.[50] The Emergency

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[49] Josephine C. Brown, Public Relief, 1929-1939 (New York: Henry Holt, 1940), chaps. v-vii; Schlesinger, The Coming, pp. 263-264.

[50] E. P. Herring, "First Session of the Seventy-third Congress," American Political Science Review, XXVIII (February, 1934), 65-83. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

Relief Act, signed by the President on May 22, created the Federal Emergency Relief Administration (FERA) and provided $500 million for grants-in-aid to states. Half of this total was to be assigned on a matching basis; the other half was to be applied where the need was urgent and the matching requirement could not be met.

With the shift of emphasis from loans to grants the principle of federal participation in relief was immediately broadened. The Director of FERA, Harry Hopkins, was a dedicated man who attempted to impose a merit system in building up his organization. "He spoke out in favor of relief as an obligation of the Federal Government to the citizens--without any pretense of private agencies interposed--thereby putting into effect the Roosevelt doctrine that this relief was a sacred right rather than an act of charity."[51]

Since the limited funds had to go as far as possible the FERA could not avoid the means test. Neither could FERA escape direct relief, often sarcastically called the dole, as its main instrument although some work relief projects were instituted. Hopkins attempted to mitigate the indignities of direct relief by replacing the grocery slip system with cash payments. He also extended relief provisions to include clothing, shelter, and medical care for the needy. FERA developed several special programs in addition to emergency work and direct relief.[52]

The rural rehabilitation program was designed to assist destitute farm families with working capital for payment of debts and provision of

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[51]Robert E. Sherwood, Roosevelt and Hopkins (New York: Bantam Books, Inc., 1950), p. 57.

[52]Schlesinger, The Coming, pp. 267-268; Sherwood, p. 58.

tools. Also in the area of agriculture FERA handled a land purchase and improvement program as well as a drought-relief program. In order to take care of the thousands of jobless men roaming the country FERA set up a series of transient camps and centers. An emergency education program brought together a maximum of 44,000 unemployed teachers and 1,725,000 pupils. The division of self-help cooperatives aided 100,000 workers and their dependents. The production division manufactured more than 16 million garments. FERA also encompassed an extensive public health program as well as a women's division which aided libraries and several cultural divisions which employed a large number of musicians, actors, artists and writers.[53]

Hopkins deeply felt the need of a comprehensive and immediate work relief program. Congress had already provided in the NIRA for a sum of $3.3 billion to be spent on public works in their broadest sense. A Public Works Administration (PWA) was formed in June, 1933 and Harold Ickes was appointed Administrator. Although PWA through the years provided considerable indirect employment it was ineffectual as a work relief measure. The agency embarked on a program of long-term, large-scale projects and worked through private contractors mostly. As a device for direct employment it was negligible. Even so, PWA was quite slow in getting under way because of the obsession of Administrator Ickes with honest administration. In the words of Henry Morgenthau "Ickes was so anxious to keep graft and politics out of the public works program that he practically spent money through a medicine dropper."[54]

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[53] Lindley, Half Way, pp. 194-198.

[54] Blum, p. 234. Also see Lindley, Half Way, pp. 205-206.

With the unemployment problem still most acute Roosevelt created in November, 1933 by executive order the Civil Works Administration (CWA) with Hopkins as the head. This program abolished the means test, provided work for 4 million men within a short period of time, and was empowered to operate work projects directly. CWA launched about 400,000 projects over a four months period at a cost of a billion dollars. Because of the nature of some work projects the derisive term "boon doggling" came into being.

However, there is little doubt but that CWA was both most pervasive throughout the country and was a major factor in boosting morale. In the opinion of one high-ranking administration official (Frank Walker) this agency deserved even greater credit:

> You have every reason to be proud of CWA and its administration. It is my considered opinion that this has averted one of the most serious crises in our history. Revolution is an ugly word to use, but I think we were dangerously close at least to the threat of it.[55]

Because of the expense entailed Roosevelt ordered the liquidation of CWA in April, 1934. Hopkins transferred the work relief program of CWA to FERA but it, of course, operated on a vastly reduced scale.

Two limited though important relief agencies were the Federal Surplus Relief Corporation (FSRC) and the National Youth Administration (NYA). The NYA was created by executive order in June, 1935. The main object of the NYA was to return young people to schools and colleges and otherwise prepare them for socially constructive careers. In all cases work experience rather than direct relief payments was employed. By 1936 almost 600,000 young people were being reached by the various NYA activities.[56]

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[55] Sherwood, p. 67. Also see Schlesinger, The Coming, pp. 269-277.

[56] Rauch, pp. 168-170; Lindley, Half Way, pp. 204-205.

The Federal Surplus Relief Corporation was created by executive order in October, 1933 for the double purpose of helping the farmer by removing price-depressing stocks from the market and of helping the unemployed by giving him food. The Corporation purchased pigs, cattle, cotton, blankets, and even coal. As FSRC operations expanded businessmen criticized the agency for competing with private enterprise.[57] Regarding the FSRC experiment Henry Wallace comments:

> Not many people realized how radical it was--this idea of having the Government buy from those who had too much, in order to give to those who had too little. So direct a method of resolving the paradox of want in the midst of plenty doubtless could never have got beyond the discussion stage before 1933.[58]

The year 1935 marked a decisive change in the Administration approach to the relief question. Roosevelt declared that the federal direct-relief program should come to an end in the immediate future. The one and one-half million unemployables should be supported by local government which would be assisted by the proposed social security program. Every employable worker would be given a job through a massive public-works effort. The latter was to include both short-term high employment projects as well as long-term projects without spelling out the exact proportion of each type.[59]

"The President laid down a set of criteria: the work undertaken should represent a permanent contribution to the nation; the wage paid should be a 'security wage'--higher than relief dole but not so high as

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[57]Schlesinger, The Coming, p. 278.

[58]Wallace, New Frontiers, pp. 183-184.

[59]Schlesinger, The Upheaval, pp. 264-267; Rauch, pp. 157-158.

to deter people from private employment; as far as possible the projects would employ a large number of people."[60] This proposal was embodied in the Emergency Relief Appropriation Act of April 8, 1935 which provided $4.88 billion to carry out this program. Congress, however, passed certain disabling amendments: a provision requiring senatorial confirmation for all appointees with salaries in excess of $5,000 per year; a provision denying the use of relief funds to build warships or munitions.

Actually these restrictions were mild when one considers the fact that Congress granted the Executive discretion as to how and where nearly $5 billion would be spent. This provoked Walter Lippmann into observing that the legislative branch had changed from the pork-barrel method to the blank-check method.[61] The bill embodying these provisions passed the Senate 66 to 13 with 55 Democrats and 10 Republicans voting in favor of the measure; 4 Democrats and 9 Republicans opposed it. The vote in the House was 317 to 70 with 276 Democrats and 34 Republicans supporting the measure while 7 Democrats and 62 Republicans opposed it.[62]

On May 6 the President created the Works Progress Administration (WPA) which came to be the principal operating agency for the new program. Harry Hopkins, who continued to direct FERA on a reduced scale, was named to head WPA and quickly organized a far-ranging program. Of the initial appropriation Hopkins received $4 billion while his rival Ickes,

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[60] Schlesinger, The Upheaval, p. 268.

[61] Lippmann, Interpretations, 1933-1935, pp. 242-245.

[62] U.S., Congressional Record, 74th Cong., 1st Sess., 1935, LXXIX, Part 5, 5135, 5151. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

head of PWA, salvaged $800 million. WPA, like CWA, was federally directed and financed; it employed nearly 3 million men which included both laborers and white-collar workers; it measurably increased purchasing power; it authorized a large variety of work projects and cultural programs. Eurich and Wilson are quite complimentary: "The WPA program is directed toward the rehabilitation of men."[63]

Hopkins was a driving ambitious man who even acquired a veto power over proposed PWA projects but also a person dedicated to alleviating the condition of the poor without respect to race, creed, or color. His disdain of politicians as well as certain personality traits invited the scorn of many people who charged WPA with waste and corruption. Hopkins dealt with these weaknesses perhaps as well as possible for such a gigantic undertaking. Dixon Wecter perceived WPA within a somewhat broader context:

> This agency, above all others, effected a noteworthy change in the low-income worker's relation to government and politics. Unlike the state-administered FERA, it established a rapport between him and his Washington employer, and he quickly learned to distinguish between local governments and the federal authority, which seemed relatively superior in fairness and efficiency.[64]

In April, 1935 Lippmann explained why the relief load had not been reduced:

> The relief load has remained constant in spite of recovery chiefly because there is an exhaustion of savings and assets among the unemployed and among what might be called the casualties of the depression, because the criterion of need has been raised and the stigma of relief partially removed.[65]

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[63] Eurich and Wilson, p. 124.

[64] Wecter, p. 97. For an account of the Hopkins-Ickes conflict see Ickes, The First Thousand Days, pp. 409-414, 422-426 and Schlesinger, The Upheaval, chap. xix.

[65] Lippmann, Interpretations, 1933-1935, p. 247.

In surveying the entire New Deal relief system Frederick Lewis Allen commends it for its essential friendliness and human decency while noting that the system was quite expensive and bureaucratic.[66] Carman and Syrett make another point: "The New Deal was the first Administration in American history to recognize that the crative arts as well as agriculture, manufacturing, and transportation deserved the sympathy and support of the national government."[67]

Many of the doubts and criticisms concerning federal relief stemmed from the feeling that it was incompatible with American individualism. But Harold Ickes deplored the form which American individualism had taken. To him American history was essentially a record of exploitation of human and natural resources by "rugged individualists." Like Hopkins, Ickes envisaged an America of equal opportunity which would be achieved by national planning. The capitalist system could remain but it would have to be modified in the interest of democracy.[68]

Franklin Roosevelt and other New Deal leaders had no intention of permitting the American people to starve individually or collectively in the name of the principle of individualism. Federal intervention, as represented by the relief program, was most pervasive and also helped to strengthen the direct relationship between the national government and the individual citizen. The relief program at times competed with private enterprise; in some cases it fostered cooperatives; many

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[66]Allen, Since Yesterday, p. 144.

[67]Carman and Syrett, p. 569.

[68]Harold L. Ickes, The New Democracy (New York: W. W. Norton & Co., 1934), pp. 32-33; Harry L. Hopkins, Spending To Save (New York: W. W. Norton & Co., 1936), chap. x; Schlesinger, The Coming, pp. 274-275.

of its projects were directed toward community welfare as well as individual survival and rehabilitation. Evidence would seem to indicate widespread acceptance of federal relief by the American people. If this relief program is considered by Mr. Hartz to be consonant with American Lockianism then it certainly must be conceded that it represents a social-welfare version of Locke.

Agricultural Programs of the Federal Government

With the disappearance of foreign markets American farmers had enjoyed few of the blessings of prosperity during the Twenties. The grave blow of the depression resulted in lower farm prices and incomes as well as mounting bankruptcies and foreclosures. The imbalance in the economy was accentuated as the parity ratio--the ratio of prices received by farmers to the prices they paid--plummeted from 89 in 1929 to 55 in 1932. The head of the American Farm Bureau Federation warned a Congressional committee in January, 1933 that "unless something is done for the American farmer we will have revolution in the countryside within less than twelve months."[69] This was the picture which confronted President Roosevelt when he assumed office in March, 1933.

This topic might well be divided into three subcategories: production and price control policies, conservation policies, and credit policies. The first of these probably exerted greater influence than the others. The Agricultural Adjustment Act of 1933, which has already been discussed in detail under the category of Planning,

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[69] U.S. Congress, Senate, Committee on Agriculture and Forestry, Hearings. Agricultural Adjustment Relief Plan, 72d Cong., 2d Sess., 1933, p. 15. Also see Schlesinger, The Coming, pp. 27-28, 35.

sought to attain parity prices by offering cash benefit payments to farmers who agreed to reduce acreage. The program was to be financed by processing taxes--a device which was voided by the U.S. Supreme Court as an improper exercise of the taxing and spending power.

Shortly after the invalidation in January, 1936 the Administration offered a new comprehensive agricultural program. This plan, while ostensibly a conservation measure, was essentially another instrument for control of production. The bill authorized the AAA to pay farmers for reducing acreage in the soil-depleting crops and for increasing acreage in the soil-conserving crops. Since the leading soil-depleting crops were also the leading surplus crops the AAA could still influence production and farm income--though by a somewhat different route than that employed by the 1933 Act.[70]

The bill was branded communistic by Congressman Joe Martin but received only nominal opposition as it passed Congress by large majorities in February, 1936. The Soil Conservation and Domestic Allotment Act provided that congressional appropriations, rather than processing taxes, would be used to finance the program. The law continued the endorsement of parity prices which has come to be an established principle of American agriculture. By rapid organization the program was put into effect in time to bring the 1936 crops under control.[71]

Another technique designed to strengthen farm prices was to offer government loans to farmers (for their crops) at a rate above the market

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[70]Carman and Syrett, pp. 557-558.

[71]Schlesinger, The Upheaval, pp. 504-505; Rauch, pp. 214-215.

price. This policy was first applied to cotton and later extended to other commodities. It was initiated when President Roosevelt told Jesse Jones, Chairman of the RFC, in October, 1933 to lend 10 cents a pound on cotton. In order to implement this program the Commodity Credit Corporation was created by executive order with Jones as the head. If prices rose above the loan, then the grower could redeem his commodity; if not, then it remained in the possession of the government. Farmers who accepted loans were compelled to participate in the AAA reduction program for the following year. The Commodity Credit Corporation represents another of those numerous New Deal experiments which have become institutionalized.[72]

Frederick Lewis Allen observes:

> For a generation or more the conservationist had been warning the country that it was squandering its heritage of land and forest and fields and minerals and animal life: that in effect it was living riotously on its capital of national resources. But to most citizens the subject had seemed dull, academic.[73]

However, the great drought and dust storms of 1934 rendered the subject somewhat less theoretical. With Roosevelt as president the nation had at the helm a passionate advocate of conservation. "Under his administration conservation made more progress in three years than during the preceding thirty."[74]

One of the most fortunate inventions of the New Deal was the Civilian Conservation Corps (CCC) which was inaugurated in March, 1933.

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[72]Jones, chap. vi. Also see Schlesinger, The Coming, pp. 61-62.

[73]Allen, Since Yesterday, pp. 166-167.

[74]Stuart Chase, Rich Land Poor Land (New York: McGraw-Hill Book Co., Inc., 1936), p. 301.

It enjoyed widespread popularity with Congress as well as the public--a fact borne out by the 1936 Gallup poll which recorded more than four out of five citizens supporting the CCC. It should be stated that the CCC was also an unemployment relief program with a total of 2,500,000 young men enrolled by 1936. But its greatest impact was in the area of conserving human and natural resources. The CCC established a training and educational program which prepared these young men for future jobs as well as muted their original discontent.[75]

Not only was the Civilian Conservation Corps concerned with the reclamation of human beings but also of natural resources.

> In a report covering a three year period, Fechner [Director of the CCC] pointed out that the CCC boys had planted 558,000,000 trees, had built 1,963,500 soil erosion control dams and had constructed 69,000 miles of trails and minor roads through forests. To prevent fires, they erected 2,500 look out houses and towers and laid 42,000 miles of telephone lines.[76]

The CCC appeared to justify President Roosevelt's expectations when he told Congress in 1933: "It will pay dividends to the present and future generations."[77]

In 1933 Secretary Ickes established the Soil Erosion Service within the Department of Interior. This agency conducted a nationwide survey of land resources, set up experimental stations to study soil depletion, and created demonstration areas in which farmers were shown the most advanced method for combatting erosion. The Soil Erosion Service was transferred to the Agriculture Department in 1935 and

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[75] Eurich and Wilson, pp. 130-133; Wecter, pp. 185-187.

[76] Eurich and Wilson, pp. 131-132; also see Chase, pp. 314-315.

[77] Alfred B. Rollins, Jr., Franklin D. Roosevelt and the Age of Action (New York: Dell Publishing Co., Inc., 1960), p. 108.

re-established as the Soil Conservation Service (SCS).

> With the passage of the Soil Conservation Act in April, 1935, Congress for the first time accepted the prevention of soil erosion as a national responsibility. The subsequent enactment of state soil conservation acts on a model provided by the SCS gave the Service, working through local soil conservation districts, new effectiveness.[78]

Another New Deal step to check erosion was the Taylor Grazing Act of 1934 which authorized withdrawal of 80 million acres of the public domain from the overgrazing abuse. In the past western ranchers had used these public lands without supervision or payment of fee. Under the 1934 act Ickes set up the Grazing Service to administer a new policy in the public interest. In an effort to protect the plains states from the terrible dust storms Roosevelt initiated a new project--the construction of a "shelterbelt" to brake wind, snow, and dust in a hundred-mile-wide zone stretching from Canada to the Texas Panhandle. The most experienced of the conservation agencies, the Forest Service, undertook this task and in the next years, with CCC assistance, it planted over 200 million trees as a barrier.[79]

One of the more controversial New Deal experiments was the effort to resettle the destitute and low income rural families. M. L. Wilson, head of the Subsistence Homestead Division, attempted to unite the idea of a self-sufficient homestead with that of communitarianism. With limited funds he organized several pilot projects but was bitterly attacked for competing with private enterprise. Harry Hopkins also

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[78]Schlesinger, The Coming, p. 343. Also see Charles M. Hardin, The Politics of Agriculture (Glencoe, Ill.: The Free Press, 1952), pp. 54-103 for a detailed account of the operations of the SCS.

[79]Schlesinger, The Coming, pp. 340-346; Wecter, p. 173.

experimented with community projects on a small scale but the Rural Rehabilitation Division of FERA placed more emphasis on "rehabilitation in place." However, in cases where the land was hopeless this agency did arrange for resettlement.[80]

In April, 1935 Roosevelt combined the several undertakings in resettlement in a new agency, the Resettlement Administration (RA), and appointed Rexford Tugwell as Administrator. RA was established (1) to take people off unproductive land and resettle them, (2) to turn the submarginal land into forests, grasslands, parks and wildlife districts, and (3) to assume a responsibility for rehabilitation of the rural areas through loans and supervision for specific improvements.

> By late spring and early summer some two thirds to three quarters of the farm families throughout the whole drought-struck area had been reached by some kind of assistance. They had been given cash grants for supplies; they had been given emergency jobs; their livestock had been cared for in one way or another; schools and other social agencies had been kept functioning and civilization had at least been supplied at a minimum everywhere. It was all done awkwardly and wastefully; but it was done.[81]

During the desperate and rebellious days of 1933 the plight of the farmer was substantially alleviated by the credit policies of the New Deal. When the Democratic Administration came to power "the outstanding total of farm indebtedness was estimated at more than twelve billion dollars, of which approximately eight and a half billions were in mortgages."[82] In March, 1933 Roosevelt by executive order reorganized the hodgepodge of federal agricultural credit instrumentalities

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[80] Schlesinger, The Coming, pp. 362-368.

[81] Tugwell, p. 424. Also see Chase, pp. 311-313.

[82] Lindley, The Roosevelt Revolution, p. 108.

into a single agency--the Farm Credit Administration (FCA). The authority of FCA was confirmed and extended by the Emergency Farm Mortgage Act of May, 1933 and the Farm Credit Act which became law the following month.[83]

FCA operated through four kinds of credit institutions some of which were holdovers from the Republican period. Under this system

> FCA refinanced farm mortgages, inaugurated a series of "rescue" loans for second mortgages, developed techniques for persuading creditors to make reasonable settlements, set up local farm debt adjustment committees, and eventually established a system of regional banks to make mortgage, production, and marketing loans and to provide credits to cooperatives.[84]

This agency was designed to deal with normal operations as well as emergency conditions. In 1953 the FCA, formerly a division of the Department of Agriculture, became an independent agency of the federal government.

Morgenthau summarizes the accomplishments of the Farm Credit Administration:

> In the first year of its life, FCA closed or approved over 540,000 loans aggregating over $1,355,000,000. In its first year and a half, it refinanced about 20 per cent of the total farm mortgage debt in the United States. This reversed the trend toward foreclosures. By the end of 1937 . . . the crisis in farm credit has passed.[85]

The Frazier-Lemke Farm Bankruptcy Act of 1934 granted the farmers a five year moratorium on mortgage payments as well as the right to buy back their farms from creditors at a price set by a Federal district court. This measure passed the House without a record vote and the

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[83] Blum, pp. 44-45.

[84] Schlesinger, The Coming, p. 45.

[85] Blum, p. 49.

Senate by a vote of 60 to 16. Supporting the bill were 43 Democrats and 16 Republicans; opposing it were 5 Democrats and 11 Republicans.[86] This measure was voided by the Supreme Court in 1935 but was quickly replaced by a second Frazier-Lemke Act which, however, was somewhat less generous then the first law.

In evaluating the performance of the New Deal agricultural program Ernest Lindley concluded that it was probably the most successful of all.[87] Franklin Roosevelt, in considering the problems of agriculture, posed the following question: does the farmer as owner have the inalienable right to make bad use of his land or does the community, that is, some form of governmental agency, have the right to stop him? In answering this question Roosevelt affirmed the "liberty of the community" against the selfishness of the individual.[88]

Henry Wallace further articulated this attitude of his chief. He points out that the old land frontier of the U.S. is gone but that many spiritual and mental frontiers remained to be conquered. Wallace further states that the keynote of the new frontier is cooperation just as that of the old frontier was individualistic competition. His philosophy is graphically expressed in the following quotation: "The New Deal places human rights above property rights and aims to modify special privilege for the few to the extent that such modification will

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[86] U.S., Congressional Record, 73d Cong., 2d Sess., 1934 LXXVIII, Part 11, 12381-12382, 12491. For a comparison of the voting patterns of each period according to the same type of issues see the table at the conclusion of chap. vi of this dissertation.

[87] Lindley, Half Way, pp. 136-137.

[88] Schlesinger, The Coming, p. 343.

aid in providing economic security for the many."[89] It may be readily discerned that both the philosophy of these New Deal leaders as well as the actual policies represent the very antithesis of Locke. Instead of emphasizing individual property rights while millions suffered greatly the New Deal favored government intervention for the welfare of the many.

Labor Programs of the Federal Government

A glance at the background of New Deal labor policy brings to mind a decade of business rule accompanied by a decline in the labor movement. Weak labor leadership contributed to this trend which also featured a marked decrease in union membership. In 1929 there was a major attempt to organize the southern textile mills but this ended in failure with the savage Gastonia riots. Labor still carried a stigma in American society and, with the exception of the railway unions, collective bargaining did not exist. By 1930 the depression had become a grave reality to the working man and it continued to grow worse under policies of a fumbling Republican Administration. In the last few months of Hoover's term the single constructive labor measure (Norris-LaGuardia Act) was passed. But the economic disaster worsened and by March, 1933, 12 to 15 million persons were unemployed and the nation was almost paralyzed.[90]

The New Deal first attacked labor problems through the mechanism of the NRA. This agency made a limited contribution during its

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[89] Wallace, New Frontiers, p. 252. Also see pp. 253-254, 271-277 of the same work.

[90] Wecter, pp. 107-108; Carman and Syrett, pp. 542-543.

first years of existence by helping to reduce unemployment. The NRA also made some progress in its code provisions which abolished child labor and established minimum standards for wages and hours. However, as Basil Rauch points out, management was able to evade these requirements by various devices including the stretch-out and the speed-up systems.[91] The most ambitious and controversial feature of the Recovery Act though was to be found in Section 7a which presumably extended to labor the guarantee of collective bargaining. Unfortunately this clause failed to prohibit company unions.

"The meaning of 7a, in short, would be determined in large part not by the words of the act but by the pressures management and labor could bring to bear on the process of interpretation."[92] John L. Lewis, head of the United Mine Workers (UMW), and a few other leaders dispatched an army of organizers into the field. Management countered with a vigorous drive to organize company unions. Often contest developed between the labor union and the company union with strikes as the outcome. Early in its history NRA established the National Labor Board (NLB) to handle labor disputes arising under its jurisdiction. The NLB tended to assume that the organization chosen by a majority of workers was qualified to act as the bargaining agent for all the workers.

The NLB, of course, had to rely on either the NRA or the Department of Justice for enforcement of its decisions. By the end of 1933 corporations started to openly defy the decisions of the NLB and, one

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[91] Rauch, p. 98.

[92] Schlesinger, The Coming, p. 137.

might say, such was also the case with General Johnson, head of NRA. Thus, the Board itself went into a final decline and in June, 1934 was replaced by the National Labor Relations Board (NLRB). This development was accentuated by the action of Johnson who replaced the majority-rule principle in the automobile code with that of proportional representation. But the new agency was likewise characterized by an absence of enforcement power. In the fall of 1934 Donald Richberg became the dominant figure in NRA and undertook a public campaign against the majority-rule principle. "It devolved on Lewis [John L.] to castigate Richberg in the most bitter terms heard in the many of the scathing NRA word battles."[93]

Although NRA was roundly criticized for contributing to the defeat of the American Federation of Labor (AFL) organizing campaign it did have a certain positive value in the view of some observers. Wecter considered NRA to be important because it reaffirmed the principle of collective bargaining and made unions more respectable in the popular eye.[94] Arthur Link concluded:

> More important was the fact that for the first time since 1915 a group of public leaders studied the whole problem of industrial relations and learned the full extent of management's opposition to the principle of collective bargaining. They also learned that many employers would use almost any method, including the use of labor spies and force, to prevent unionization.[95]

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[93] Edward Levinson, Labor on the March (New York: University Books, 1937), p. 59. Also see chap. iii of the same work as well as Schlesinger, The Coming, chap. ix, pp. 396-400.

[94] Wecter, p. 109. Eurich and Wilson make the same point, pp. 177-178.

[95] Link, p. 396.

Senator Wagner, who had served for several months as Chairman of the NLB, concluded that new legislation was necessary to protect the principle of collective bargaining so basic to a viable labor movement. Accordingly, he introduced a bill during the 1934 session and again the following year. President Roosevelt killed the Wagner bill in 1934 and in 1935 adopted a hands-off attitude. Tugwell defends Roosevelt's actions on the grounds of political expediency as well as distrust of the labor leaders.[96] However, according to Schlesinger, Roosevelt did feel a deep sympathy for organized labor. But this friendly attitude derived more out of a reaction against employer primitivism than a belief in the labor movement as a hopeful new development in itself.[97]

It was primarily through Wagner's dogged and skillful leadership that the National Labor Relations Act (NLRA) came into being. The Act established the rights of labor organization and collective bargaining. A specified number of unfair practices on the part of employers were prohibited. And, most importantly, the National Labor Relations Board was established with broad enforcement powers. The implementation of this law was often evaded by employers before it was upheld by the U.S. Supreme Court in 1937. The NLRA has in later years come to be known as the "magna carta of labor." Other legislation of consequence was the Railway Labor Act of 1934, which guaranteed collective bargaining and the Railroad Retirement Act of 1934. The latter was invalidated in 1935 but was followed by two laws in the same year

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[96]Tugwell, pp. 336-341.

[97]Schlesinger, The Coming, p. 401.

which provided annuities for railroad workers. Also, the Walsh-Healy Act of 1936 attempted to establish fair labor standards in federal contracts with the manufacturing or construction industry.[98]

One of the seminal developments during the early New Deal was the rise of a militant industrial union movement. Although the workers were ripe for organizing, the AFL craft unions had failed miserably to take advantage of the situation. In 1934 there was a great number of strikes including the bloody general strike of San Francisco and the violent truckers' strike in Minneapolis. In Georgia Governor Talmadge dealt with the textile strike in a typical fascist manner--that is to say, he established a concentration camp for labor pickets. John L. Lewis and David Dubinsky, leaders of industrial unions, greatly increased the membership of their respective unions and called for organizing of the major industries by the AFL along the same pattern.[99]

However, William Green, President of the AFL and other members of the hierarchy, opposed industrial unionism in favor of the old craft unions. Their position was sustained at the annual convention in October, 1935 and this action marked a turning point in the history of the American labor movement. Rebuked by the convention Lewis, Hillman, Dubinsky, and a few other union leaders formed the Committee for Industrial Organization (CIO). The CIO was suspended by the AFL and embarked upon a sweeping campaign to win over the workers in steel,

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[98] Rauch, pp. 136-137, 183-190; Link, pp. 408-409; Lindley, Half Way, p. 174. Congress enacted all of these labor laws without a record vote.

[99] Sidney Lens, Left, Right, and Center (Hinsdale, Ill.: Henry Regnery, 1949), chap xvi. Schlesinger, The Coming, chap. xxiii.

automobiles, and other major industries. Since the passage of NLRA labor enjoyed much more aid from the federal government and the NLRB in particular. The 1936 election of Roosevelt enabled the labor movement to maintain its momentum and continue to make great strides.[100]

Lewis has been criticized for welcoming socialists and communists into the CIO but he remained supremely confident that he could turn the zeal of each to his own purpose. Lewis was really not concerned with ideology but rather with the vision of a mass worker's movement which gave labor its just deserts in American society. To Sidney Lens the rise of the labor movement did not stem primarily from the Wagner Act nor from the leadership of John L. Lewis. Though these were factors it was the spontaneous action of the workers and the battles which they fought in the streets and in the plants which gave birth to this powerful new organization.[101]

Lewis Hacker believed that the subsequent internecine warfare between the AFL and CIO was a healthy development.

> What was profoundly significant was that the AFL became a fighting organization and explored the new opportunities for unionization as energetically as did the CIO. As a result, great gains were won by both, and when Pearl Harbor struck, each could claim at least 4,000,000 dues-paying members.[102]

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[100] Schlesinger, The Coming, chap. xxv; Levinson, pp. 142-143; Lens, p. 273.

[101] Lens, pp. 285-286, 298.

[102] Louis M. Hacker, The Shaping of the American Tradition (New York: Columbia University Press, 1947), II, p. 1137. Also see Herbert Harris, Labors Civil War (New York: Alfred A. Knopf, 1940) for a detailed account of the schism in the labor movement.

One thing is clear: the CIO could never have developed from its embryonic form into a powerful labor movement without at least the passive, if not active, endorsement of the New Deal.

President Roosevelt was deeply committed to the principle of social security for everyone "from the cradle to the grave."[103] In 1934 he appointed the Committee on Economic Security for the purpose of formulating a program in this area. The Committee, headed by Secretary of Labor Perkins, proposed a plan which was introduced in Congress by Senator Wagner in January, 1935. The term "social security" was defined by this committee as meaning "the assurance of an adequate income to each human being in childhood, youth, middle age and old age, in sickness and in health . . . and to provide safeguards against all hazards leading to destitution and despondency."[104]

Though the final legislative product did not entirely achieve such a lofty objective the Social Security Act of 1935 was a landmark in American history. The provisions of the law may be broken down into three categories: old-age and survivors insurance, unemployment insurance, and assistance to special groups. The old-age program, administered by the federal government, would provide pensions for the aged who were too old to participate in the program and annuities for the others. This plan included all industrial workers and was financed by a tax on payrolls to be equally shared by the employer and the employee. The unemployment insurance program, jointly administered by

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[103] Frances Perkins, The Roosevelt I Knew (New York: The Viking Press, 1946), pp. 282-283.

[104] Eurich and Wilson, p. 142.

the federal government and the state governments, was to be wholly financed by a payroll tax on employers. The special program provided for grants to states, more or less on a matching basis, for the purpose of assisting the blind, neglected and crippled children, maternal and child health, child welfare and public health in general.[105]

To administer most of the provisions of the Act the Social Security Board was established and performed admirably in the execution of its duties. This law was criticized for excluding the nonindustrial workers, for failure to include a health insurance provision, and for neglecting to establish uniform standards in the unemployment compensation program. Walter Lippmann wisely observed that the Social Security Program was designed to help persons in normal times rather than in an emergency and that the program was so constructed as to avoid the pitfall of prolonging unemployment.[106] Lindley points out that the Social Security Act will contribute to consumer purchasing power but the meaning of this law has far greater import than that particular contribution.

> Between 1935 and 1940, when the system was launched and strengthened, the administration and Congress effected a lasting revolution in American public policy. Discarding ingrained traditions of self-help and individual responsibility, they set the United States upon the high road leading to the welfare state.[107]

The writer has attempted to select significant issues of several different categories from both periods for a comparison of their voting patterns. In each case the vote represents Congressional action

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[105] Ibid., pp. 143-146; Schlesinger, The Coming, chap. xviii; Carman and Syrett, pp. 570-571. The Social Security Act was enacted by both houses of Congress without a record vote.

[106] Lippmann, Interpretations, 1933-1935, pp. 240-241.

[107] Link, p. 407. Also see Lindley, Half Way, pp. 222-224.

on the final version of a measure. The purpose of this table is to offer another criterion by which the degree of convergence and divergence for the two periods may be determined. It is thus another tool by which the strength of political pluralism during the two periods may be measured.

The reader will find that not all votes referred to in the text are cumulated in this table. The reason for this consequence is that these votes did not conform to the structure designed by the writer. That is to say, in striving for a test of each of the six categories as listed in Chapter I--i.e., Federal Government Planning, etc.--there were some issues where there was a record vote in one period but not in the other. Hence, the table is confined to those issues on which there is comparison in at least one house of Congress, and preferably in both.

In the table the test of convergence or divergence is the ratio of party regularity and the question of the parties differing on the pro and con issue. In the 1920's there were 6 House votes and 6 Senate votes. Of these 12 votes 8 showed party convergence and 4 showed party divergence. In the 1930's there were 5 House votes and 6 Senate votes. Of these 11 votes 10 showed party divergence. Thus, there was a much greater division between the parties in the 1930's than in the earlier period.

An analysis of the table reflecting the pattern of Congressional voting according to party reveals a large measure of convergence in the "Period of Convergence" and a large measure of divergence in the "Period of Divergence." The one exception to this generalization is found in the breakdown on tariff legislation where there is a marked divergence

TABLE 1

VOTING RATIOS FOR MAJOR POLICIES DURING THE PERIODS OF CONVERGENCE AND DIVERGENCE

Period of Convergence					Period of Divergence				
AGRICULTURE									
McNary-Haugen bill of 1927		Pro	Con	Ratio	AAA of 1933		Pro	Con	Ratio
HOUSE	Dem.	97	70	1.4-1	HOUSE	Dem.	272	24	11-1
	Rep.	113	108	1-1		Rep.	39	73	1-1.9
(Passed 214-178)					(Passed 315-98)				
SENATE	Dem.	22	17	1.3-1	SENATE	Dem.	48	4	12-1
	Rep.	24	22	1-1		Rep.	15	16	1-1
(Passed 47-39)					(Passed 64-20)				
GOVERNMENT OWNERSHIP									
Muscle Shoals bill of 1928		Pro	Con	Ratio	TVA Act of 1933		Pro	Con	Ratio
HOUSE	Dem.	135	24	5.6-1	HOUSE	Dem.	245	28	8.8-1
	Rep.	73	122	1-1.7		Rep.	11	84	1-7.6
(Passed 211-46)					(Passed 259-112)				
SENATE	Dem.	26	12	2-1	SENATE	Dem.			
	Rep.	16	22	1-1.4		Rep.			
(Passed 43-37)					(No Record Vote)				
TARIFF									
Fordney-McCumber Tariff Act of 1922		Pro	Con	Ratio	Reciprocal Trade Agreements Act of 1934		Pro	Con	Ratio
HOUSE	Dem.	5	76	1-15	HOUSE	Dem.			
	Rep.	205	14	14.6-1		Rep.			
(Passed 210-90)					(No Record)				
SENATE	Dem	2	23	1-11.5	SENATE	Dem..	51	5	10-1
	Rep.	41	5	8-1		Rep.	5	28	1-5.6
(Passed 43-28)					(Passed 57-33)				

TABLE 1--Continued

Period of Convergence					Period of Divergence				
REVENUE									
1926 Act		Pro	Con	Ratio	1936 Act		Pro	Con	Ratio
HOUSE	Dem.	153	8	19-1	HOUSE	Dem.	219	22	10-1
	Rep.	202	16	12.6-1		Rep.	4	77	1-19
(Passed 355-28)					(Passed 223-99)				
SENATE	Dem.	25	4	6-1	SENATE	Dem.	36	18	2-1
	Rep.	36	5	7-1		Rep.	4	11	1-2.8
(Passed 61-10)					(Passed 42-29)				
RELIEF AND PUBLIC WORKS									
LaFollette-Costigan bill of 1932		Pro	Con	Ratio	Emergency Relief Act of 1933		Pro	Con	Ratio
HOUSE	Dem.				HOUSE	Dem.	252	12	21-1
	Rep.					Rep.	74	30	2.5-1
(No Record)					(Passed 331-42)				
SENATE	Dem.	18	21	1-1	SENATE	Dem.	42	2	21-1
	Rep.	16	27	1-1.7		Rep.	12	15	1-1.3
(Defeated 48-35)					(Passed 55-17)				
CREDIT									
Agricultural Credits Act of 1923		Pro	Con	Ratio	Frazier-Lemke Farm Bankruptcy Act of 1934		Pro	Con	Ratio
HOUSE	Dem.	91	5	18-1	HOUSE	Dem.			
	Rep.	184	29	6.3-1		Rep.			
(Passed 276-34)					(No Record)				
SENATE	Dem.				SENATE	Dem.	43	5	8.6-1
	Rep.					Rep.	16	11	1.5-1
(No Record)					(Passed 60-16)				
LABOR									
Railway Labor Act of 1926		Pro	Con	Ratio	Emergency Relief Appropriations Act of 1935		Pro	Con	Ratio
HOUSE	Dem.	156	8	19.5-1	HOUSE	Dem.	276	7	39.4-1
	Dep.	222	5	44.4-1		Rep.	34	62	1-1.8
(Passed 381-13)					(Passed 317-70)				
SENATE	Dem.	28	4	7-1	SENATE	Dem.	55	4	13.8-1
	Rep.	40	9	4.4-1		Rep.	10	9	1-1
(Passed 69-13)					(Passed 66-13)				

in both periods. This, of course, reflects a consistency in the Democratic low-tariff position as well as in the Republican high-tariff position.

At this point the writer will take up each of the specific policy areas. In agriculture the table reveals a sharp division in both parties on the McNary-Haugen bill of 1927 but a great divergence on the AAA of 1933. In government ownership a moderate divergence is reflected in the ratio applicable to the Muscle Shoals bill of 1928 as compared with a large divergence in the voting on the TVA Act of 1933. As indicated earlier, both the Fordney-McCumber Tariff Act of 1922 and the Reciprocal Trade Agreements Act of 1934 show a large measure of divergence in the voting patterns.

Revenue policy discloses a very substantial convergence in the Revenue Act of 1926 in contrast to the quite marked divergence in the Revenue Act of 1936. The vote breakdown in the first serious relief measure (the LaFollette-Costigan bill) finds both parties divided whereas the voting picture of the Emergency Relief Act of 1933 reveals a sharp divergence between the two parties. With reference to credit policy a quite modest measure (Agricultural Credits Act of 1923) designed to mollify agrarian unrest was enacted with sizeable support of both parties indicating a substantial degree of convergence. In comparison, the voting ratio of the Frazier-Lemke Act of 1934 (which provided the farmer long-term relief from mortgages) indicates a significant divergence between the two major parties.

Difficulties ensued in the process of selecting measures in the area of labor policy. During the Republican period the choices were

extremely limited while during the New Deal period none of the measures examined under the category of "Labor Programs" had a recorded vote in the final version in either house of Congress. The Railway Labor Act of 1926 was enacted by a huge margin in both houses with a clear-cut pattern of convergence emerging. The Emergency Relief Appropriation Act of 1935, which directly affected labor on a large scale in the area of employment, received an overwhelming vote of approval. However, in this case party divergence is quite marked.

Through specific legislative and administrative actions the New Deal provided a favorable climate in which a strong labor movement could develop. The general welfare clause of the Constitution became a living reality rather than an abstract principle for millions of workers. Instead of a Lockian individualism which permitted miserable labor standards and sometimes even peonage the New Deal through government intervention offered the individual worker vastly improved working conditions, a measure of security, and the opportunity to organize in his own interest. This development had many implications--for example, it would be necessary for Locke in the future to protect the private property rights of an increasingly large number of Americans drawn from the ranks of prosperous trade unions. This trend, of course, would have been impossible without the several New Deal policies of federal intervention. It also produced a larger measure of political pluralism as the labor movement came to exercise an increasingly more powerful voice in American politics.

CHAPTER VII

CONCLUSION

The problem which the writer has confronted in this dissertation is that of interpreting the meaning of the American political tradition. More specifically, it is the question of whether this tradition is characterized by pluralism, uniformity, or even by different periods in which each prevailed. There is, of course, also the matter of determining what constitutes the substance of this tradition regardless of what form it takes. A leading contemporary school of thought emphasizes the existence of uniformity in American politics. Professor Hartz's book represents perhaps the most significant effort by any member of this particular school.

An analysis of his theme regarding the monolithic Lockian tradition when applied to certain periods of American political history presents one method of attacking the problem of interpretation. This approach serves not only to test the validity of Hartz's thesis but also to cast some light on the broader question as well. For not only is the issue of uniformity versus pluralism raised but further there is the knotty point of what represents the Lockian tradition in America.

Piecing the fragments of Hartz's thesis together Locke appears to be identified with individualism and private property rights. Addressing the matter of a uniform tradition which Hartz posits one must be prepared to deny the existence of clear-cut meaningful choices

in American political life if he accepts this position. To carry this point further one might argue that acceptance of the Hartz interpretation is tantamount to accepting the position that America has followed an anti-democratic course. Phrasing it differently, how can a unitary community also be a free one? At best the Hartz thesis infers a plebiscitary pseudo democracy (such as the France of De Gaulle) rather than the type of democracy defined by the writer of this dissertation.

It is often the case that neither homo sapiens nor political communities fit the neat categories so clinically designed for them by contemporary social scientists. In my opinion, such is the case with Mr. Hartz. He eventually calls on Dr. Freud and Dr. Jung, though not by name, to assist him in difficult moments. The concept of the collective unconscious is invoked by Hartz to explain away non-Lockian programs or periods. This is hardly a reliable device for a social scientist to employ in such a study. Is it not conceivable that America, instead of following a monolithic Lockian tradition, has rather embraced a somewhat broader tradition which has from time to time enjoyed varying degrees of pluralism or conformism. The evidence would seem to point to this conclusion.

During the period 1920-1932--the period of convergence--the nation worshipped Henry Ford and the business culture as well as the Alger legend which he represented. Political decisions were usually made by business men dominant in either the New York world of finance or in the Washington world of the federal government. The Mellon revenue and spending policies together with the Hoover trade and labor

policies represented the heart of public policy of the period. Republican Presidents were easily elected on each occasion against Democratic nominees who did not present a clear-cut image. The Republicans received broad support from all groups of the population and, in some cases, did not even bother to campaign. Blurring of issues was a prominent feature of these elections.

In Congress there was a decided lack of party discipline and on most significant issues the two parties converged. Although "the business of America was business" during this period the Lockian ethos hardly assumed absolute proportions as Hartz contends. There were two powerful protest groups active at the time--the Farm Bloc in Congress and the LaFollette Progressive movement. The former was successful in pushing through certain reform measures such as the Packers and Stockyards Act, the Capper-Volstead Act, and the Grain Futures Trading Act. Such sweeping proposals as the McNary-Haugen bill and the Muscle Shoals bill passed Congress only to be vetoed by Republican Presidents. In 1924 LaFollette was sufficiently appealing to attract approximately five million voters in the Presidential election.

If Mr. Hartz had concluded that the Lockian doctrine represented the main current of the period then one would have to agree with him. But to call it a monolith is going too far. So one is compelled to dissent on the point of the degree of acceptance. If the Lockian tradition was really absolutist in character, then the "equalization fee," certain regulatory measures, public power, and the LaFollette candidacy would never have received such strong support. One may conclude that this was a period which featured a convergence

of the two major political parties who for the most part endorsed Locke--but not without varying degrees of opposition.

In contrast to the earlier period the first term of FDR is characterized by vitality, willingness to change, and receptivity to new ideas. To the New Deal leaders, confronted with the Great Depression, protection of the private property rights of the giant corporations and holding companies would indeed be a ludicrous position. In connection with another problem, though quite applicable to this situation, Roosevelt affirmed the "liberty of the community against the selfishness of the individual." In the 1932 Presidential election one finds a convergence in the form of broad support from all groups of the population. This convergence might be interpreted as a reaction against the Lockian ethos in favor of a candidate who unequivocally promised strong government intervention.

The 1936 election stands in sharp contrast to the previous one. Although the margin is overwhelmingly in favor of Roosevelt the factor of convergence is missing. Rather, a picture of divergence emerges with the prosperous classes voting heavily in favor of the Republican candidate and the lower-income groups supporting Roosevelt. The election results also constituted a sweeping ratification of policies which represented a sharp departure from Locke.

Political divergence actually began during the first year of Roosevelt's first term. This was exemplified by voting in Congress on major issues, the formation of the American Liberty League, and the mushrooming of radical movements. The Mid-Thirties presented a scene of vital pluralism with the American people being presented a wide

variety of choices--not only of personalities but, most importantly, also of issues and programs.

The New Deal should be regarded as a sort of watershed in American politics. Not only did the Democrats succeed in forging a strong and, so far, lasting coalition of the lower classes, but the New Deal also had other far-reaching consequences. The parties at an early point began to diverge in Congressional action but the Democrats were able to pass legislation with the huge majorities which they enjoyed throughout the first term of Franklin Roosevelt. Both the character and quantity of this legislation marked a turning point in American politics.

In the area of public ownership the New Deal launched the multi-purpose TVA project as well as engaged in vast undertakings in public finance. In public planning two giant programs in industry (NRA) and agriculture (AAA) as well as important research projects by the NRC were implemented. Regulation of exchanges, utilities, finance, communications, and transportation was effected on a broad scale. Direction of monetary policy was transferred from Wall Street to Washington. Social reform in the revenue laws was instituted and a reversal of the high-tariff policy was implemented.

Housing policies (FHA) to assist low-income groups as well as middle-income groups (HOLC) were initiated. Huge work relief programs which aided both white-collar and blue-collar workers were inaugurated by the federal government. Various conservation measures were put into practice by New Deal agencies. In the area of agriculture the allotment program and the parity principle have become fixtures

in the American scene. The farmers were also greatly aided by credit measures which provided government funds during "normal" times as well as during periods of emergency.

The present power of the labor movement in the United States may be traced to the enactment of the NLRA and the rise of industrial unionism during the 1930's. This law provided enforcement power against management to the interest of labor for the first time in American political history. The Social Security Act provided security for many persons against unemployment as well as security for the aged, the children, and the disabled. It did not go as far as Roosevelt would have liked but it established a solid foundation which has been built upon on several occasions since the original law.

All of this, in the opinion of this writer, adds up to a nonviolent revolution of great magnitude. The power of the federal government was enlarged and invoked on such a vast scale to institute measures which directly regulated and/or aided every major segment of the American population. The New Deal implicitly, if not explicitly, set forth an economic bill of rights which has been largely accepted by the American people. This is evidenced by the fact that most New Deal measures are still in existence. Lest one doubt their acceptance may one suggest a visit to an Unemployment Compensation office and determine for oneself if American individualism has prevented the individual from also seeking security.

What has possibly happened is that both Locke and the New Deal philosophy of positive government have emerged intact and remain as powerful competing forces--not only between individuals and between

groups but also (as Max Lerner points out)[1] within the individual American. Some observers have argued that America has a pragmatic tradition. But pragmatism represents only process and America is more than process. If one wishes to state that the United States has usually implemented change--whether it be rapid or slow, blurry or sharp--through the pragmatic process I am not prepared to argue with him. But I must point out that this concession in no way denigrates the importance of the content of pragmatism--the ideas, ideals, principles, programs, philosophies which often conflict and from time to time provide meaningful political alternatives.

This study does not elaborate a theory of the American political tradition but it does demonstrate that the Hartz thesis is inaccurate and inadequate. If the American people can accept so readily both Coolidge and Franklin Roosevelt within less than a decade then the American political tradition must certainly be broader than Lockian. The study does demonstrate that during the early New Deal period (1) sharp departures from the Lockian doctrine occurred and (2) party divergence and political pluralism were prominent.

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[1]Lerner, America As A Civilization, I, 368.

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BIOGRAPHICAL SKETCH

Edward Estes was born October 11, 1920 at Gay, Georgia. In June, 1937, he was graduated from Gay-Oakland High School. During the next three years he was enrolled at Emory University. From 1942 to 1945 he served in the U.S. Army Signal Corps and was assigned to duty in North Africa and Western Europe. From 1946 to 1949 he was employed first by the Veterans Administration and later by a private business firm. In 1950 he enlisted in the U.S. Army for overseas duty in Germany and served in Military Intelligence until 1953. After his discharge he returned to Emory University where he received the degree of Bachelor of Arts in April, 1955. In June, 1956, he received the degree of Master of Arts at the same institution. During the following academic year he was employed as instructor at the University of Tennessee. In September, 1957, he enrolled in the Graduate School at the University of Florida. Since that date he has been employed as either graduate assistant, teaching assistant, or interim instructor in addition to pursuing his studies toward the degree of Doctor of Philosophy.

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This dissertation was prepared under the direction of the chairman of the candidate's supervisory committee and has been approved by all members of that committee. It was submitted to the Dean of the College of Arts and Sciences and to the Graduate Council, and was approved as partial fulfillment of the requirements for the degree of Doctor of Philosophy.

August 10, 1963

Dean, College of Arts and Sciences

Dean, Graduate School

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